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# West Europe Report

(FOUO 49/80)



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WEST EUROPE REPORT

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THEATER NUCLEAR FORCES

FRANCE

FORMER DEFENSE MINISTER'S VIEWS OF NUCLEAR DETERRENCE

Paris ARMEES D'AUJOURD'HUI in French Oct 80 p 7

[Article by Yvon Bourges, defense minister: "Realities of French Nuclear Deterrence"]

[Text] The deterrence policy is not being challenged by any of the major political organizations of our country today. If you can talk about a consensus on any topic it is this one. And yet, for many people, this represents having come a long way. This is because France's nuclear weaponry has now become a reality. Nobody refers to the "French bomblet" anymore.

The reason for this is the level which our nuclear forces have attained. It is the result of a policy followed for the past 20 years with quite remarkable coherence and continuity. Understandably, I would like to particularly emphasize the importance and value of this effort over the past six years. The present state of our nuclear capability must not be thought to be simply the result of decisions and actions dating from the previous 15 years. If such was the case, we would have only three SNLE's (Missile Launching Nuclear Submarine) equipped with megaton weapons whereas we now have four, since March of this year. The Mirage IV Strategic Air Force would be on its way to extinction whereas it has been modernized, with a squadron scheduled to receive a new extended-range thermonuclear weapon in the next decade. The Albion Plateau rockets would still be equipped with "A" weapons and their resistance capability against electro-magnetic effects would not be reinforced, whereas the opposite is taking place. These are already important measures which go beyond the maintenance of presently established resources; they have qualitatively enhanced and quantitatively increased our nuclear weaponry.

But even more important decisions have been made since 1974: they will take full effect starting in 1985. They testify to the sustained priority assigned to our nuclear weapons in the effort undertaken to increase our means of defense.

As early as December 1974, the President decided to build the M 4 system which provides each rocket aboard our SNLE's with several nuclear weapons. The set goal was the launching in 1985 of the first submarine thus equipped. This is proof of the exceptionally persevering defense policy since this was quite precisely the goal which a Defense Council had declared as "desirable" in December 1972. This objective was not questioned, and all necessary efforts were resolutely made to fully achieve it; this is what deserves to be pointed out, being better refutation

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than mere words would be, against the accusations of doubt or hesitation which, according to some opinion, have been said to characterize our defense policy.

It is true that it is with the M4 weapons -- and with them only -- that France is reaching the technological level of nuclear powers today. When the Inflexible is launched in 1985, it will single-handedly make more nuclear weapons operable than could our five SNLE's combined. This is why the government gave priority to this program. From 1985 to 1991 the present SNLE's will be successively modified. Because the capacity for inflicting on an aggressor the damage which can deter him from his aggression, must be achieved with the least possible delay, the government has chosen the solution -- the only solution -- which allows for the swiftest and greatest possible increase in the Strategic Naval Force (FOST). I repeat: the swiftest. The emergence of the first M4 weapons at the beginning of 1985 amounts to a real exploit for which the country is indebted to the skills and devotion of its scientists, engineers, and technicians, both civilian and military, in the Atomic Energy Commission. It is not technically feasible to shorten this delay, and this is neither a matter of financing nor of determination. Before insisting on acceleration or expansion of our programs, our critics would do well to become informed and take these facts into account.

The realization of this essential project will take up the current decade. Its importance is clearly indicated by this figure: the FOIST retaliation capability will be more than tripled in 10 years.

Beyond this program, studies are now actively being pursued, first on the development of third-generation SNLE's, and secondly, on the realization of a new strategic ground-to-ground system, designed to counter aggression from the new weapons threatening our territory. The programs will be determined in the near future; their objective will be to maintain our strategic nuclear weapons systems at the required quantitative and qualitative levels, so that our deterrent policy remains credible and therefore effective. Just as the value of our nuclear weapons can no longer be held in doubt, no one can deny the reality of the considerable and persevering achievements of the past six years to ensure the future of our strategic deterrent forces.

For a true and accurate awareness of this situation, I would like to remind you of the amounts which were budgeted for it. There are three main categories of expenditures: industrial and military infrastructures; vector and weapons manufacture; and research, experimentation, and studies.

Investments needed for manufacture of nuclear products, specific materiel, and military infrastructures amounted to 9 billion from 1959 to 1969, a little over 2 billion from 1970 to 1974, and 2.2 billion from 1975 to 1980, thus demonstrating that industrial and military infrastructures had to be built from the very outset of our military nuclear policy, for which they were a prerequisite. Today these expenses amount only to 10 percent of FNS (Strategic Nuclear Forces) allocations.

The construction of vectors and nuclear weapons required 6 billion from 1959 to 1969, 2 billion from 1970 to 1974, and 13 billion from 1975 to 1980. These figures reflect the gradual development and increased power of nuclear forces. But I want to point out that from 1976 to 1980 these allocations grew by 166 percent, which corresponds essentially to the SNLE's M20 weapons, the Albion Plateau S3 weapons, and the Mirage IV's ASMP (Antisubmarine Pluton).

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Finally, the amounts for research, studies, and experimentation were 21 billion from 1959 to 1969, 11 billion from 1970 to 1974, and nearly 27 billion from 1975 to 1980. This second look reveals evidence of the very special effort made since 1975 for studies and research (especially since the cost of experimentation became stabilized after the inception of underground testing in 1974), this effort being preparation for the future, which is clearly not a sign of a policy of renouncement.

These data testify to the efforts made for our deterrent forces. I have already mentioned the remarkable consistency of thinking and the continuity of action in this area. This is why our defense policy has imposed itself both domestically and abroad; it is not only accepted but understood by our allies; it brings a precious contribution to the authority of France in Europe and in the world. It would be rather ironic if baseless doubts -- inspired by partisan bias, or by ignorance, which is just as serious -- were to damage it.

The country must be able to face several types of direct or indirect threats. Locking ourselves into an all-nuclear strategy would condemn us to isolation and would lead to a neutralist policy which would ultimately amount to abdicating the role of France in the world and first of all in Europe. The safeguard of our interests, the support of our diplomacy, and the guarantee of our independence require a military complex which is polyvalent in capabilities and flexible in application. It is to meet this requirement that the effort undertaken in 1975 to improve the organization of the armed forces, of their weapons, and of their operational capabilities, had to take into account delays or make up for the inadequacies of our conventional forces, as such inadequacies threatened the very cohesiveness of our defense. But it would be inaccurate to conclude from this that such actions could open our deterrent policy to question. The facts and figures reexamined here are the best answer in this regard. They testify to the value and reality of the nuclear deterrent policy which has underlain the nation's security and independence for the past 20 years.

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THEATER NUCLEAR FORCES

FRANCE

BRIEFS

NEUTRON BOMB DEVELOPMENT--The new minister of defense, Joel Le Theule, revealed at a defense committee meeting that France has already spent 451 million francs on perfecting the neutron bomb, and plans to devote 250 million more next year.  
[Text] [Paris VALEURS ACTUELLES in French 3 Nov 80 p 23]

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COUNTRY SECTION

INTERNATIONAL AFFAIRS

IMBALANCE IN EC FINANCE STRUCTURES DETAILED

Bonn, EUROPA-ARCHIV in German No 17, 10 Sep 80 pp 521-528

[Article by Roland Wartenweiler, Brussels correspondent of NEUE ZUERCHER ZEITUNG: "Imbalances in the EC Finance Structures"]

[Text] The Common Market is in a state of ferment. The process of decomposition of the community substance began among the six founding states and after 1973, with the community comprising nine members, it underwent marked acceleration. Now the community will be starting a new round of expansion--at the beginning of 1981, it will admit Greece and probably about three years later, Portugal and Spain. Moreover, according to present calculations, the EC's financial capacities will in the present legal framework reach their limits as early as 1982.

First of all, the community will have to reclarify its true objectives. What type of association do the nine, ten or twelve members want? Do they still want an organized association with uniform principles applicable to all? Or do they want an interim solution--an association a la carte, in which the respective partners choose themselves the areas of cooperation, or an association characterized by different rates of development, in which a common program objective is attained by stages--in consequence of the differences among the countries in regard to the political and economic developmental possibilities.

This predicament is reflected in the intra-community disputes concerning the EC financial organization. The Brussels Compromise of 30 May 1980 concerning the easement of the EC budgetary burden imposed on Great Britain is a short-term expedient.<sup>1</sup> In the next 18 months, the EC institutions will again be faced with the question as to whether and how one could establish a political, structural and financial balance among the various EC policies and to what extent the EC should finance projects from its own resources.

The Legal Basis of the Community's Financial Principles

Leafing through the original set of EC agreements, one notes the lack of any real financial principles for the community. As principles of the EEC

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integration concept, the Treaty of Rome established the "four freedoms." In a customs union, one of the prerequisites for conditions resembling a domestic market is the free movement of goods, persons, services and capital. While the trade in commercial and industrial goods is regulated through the policy of competition, agricultural products fall under a truly community-oriented policy. In the view of the French, this duality is the real foundation of the EC. In the speech he delivered in Trier on 20 June 1980, the French prime minister, Raymond Barre, stated that the cornerstone of the community was the final reconciliation between France and the Federal Republic of Germany that took place in 1958, when Paris consented to a free exchange of industrial goods and when Bonn in return agreed to a genuine common market for agricultural products.

Leaving out of consideration expenditures on cooperative, legislative and administrative EC policies, the Treaty of Rome focuses on three complexes of expenditures. In the French view, the formation of two EC agrarian funds is compensated by the consent to an EC Social Fund and by the establishment of the European Investment Bank (EIB). The Social Fund and the EIB are meant to support the Common Market in regard to its employment policy and the regionally oriented structural policy. These three financial instruments underscore the community's desire "to unify its national economies and to promote their harmonious development by reducing the developmental differences between the individual regions and by speeding up the development of less favored regions."<sup>2</sup>

In the 1960's and 1970's, the EIB performed its function on an increasingly large scale--within the natural limits imposed on a corporate credit bank run in accordance with commercial principles. The Social Fund remained rather insignificant; so far, it has not outgrown its embryonic form. In support of the French initiative, the community developed a comprehensive agropolitical system: In 1969, the then president of the state, Georges Pompidou, made his approval of Great Britain's accession to the EC contingent upon the adoption--prior to Great Britain's accession--of a relevant financial framework for the EC. In the Hague Communiqué of the European Summit Conference of 2 December 1969, the government leaders and heads of state confirmed their desire in regard to the perfection of the integrative measures "to establish the definitive financial regulations concerning the joint agrarian policy."<sup>3</sup> They stated that the principles underlying this regulation must not be distorted by the community's expansion. As early as April 1970, Paris attained this objective. The community passed an autonomous financial constitution for the EC, which came into effect--upon ratification--on 1 January 1971. From the outset, France, too, was aware of the fact that this financial concept was not in accord with the interests of the United Kingdom, which was ready to join the community.

Thus it was only shortly before the EC's expansion from six to nine member states that the financial principles, which had so far been implicitly reflected in the EC solidarity, in the community's preferential status and in the formal equality of the member states, were incorporated in the

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community's legal framework proper. The financing of the--largely agriculturally oriented--joint policies from the revenues deriving from the EC's financial sovereignty (customs duties, agrarian levies and the 1-percent share of the value-added tax revenue) was made a universal principle. The community partners were fully aware of this one-sided legal situation established as a result of French pressure. The Paris Summit Meeting of 21 October 1972 already listed a number of promising EC policies, including social policy, regional policy, environmental policy, energy policy and research policy. As compared to the rapid expansion of the EC's protective measures in the agrarian sector, not much has so far been done in these fields. Probably the only measure worth mentioning in this connection is the resolution on the establishment of an EC Regional Fund which was passed at the Paris Summit Meeting of 10 December 1974.<sup>4</sup> However, the relatively modest volume of the fund and the mode of distribution agreed upon (indiscriminate scattering) proved insufficient for effectively counterbalancing the predominance of the agricultural sector. After years of inaction, the EC Commission on 30 May 1980 was urgently instructed by the Council of Ministers by the end of June 1981 to consider effecting structural changes in the development of the community's policies, "without jeopardizing the basic principles of the community's agrarian policy or the joint financial responsibility for these policies financed from the community's own resources."<sup>5</sup>

#### Strained Financial Solidarity

The one-sidedness of the EC's legal structures is reflected in the actual situation--both in regard to revenues and in regard to expenditures. As a result of the biased definition and interpretation of the obligations concerning financial contributions in the system of the EC's capital resources, the community partners are treated unequally. For most countries, the advantages and disadvantages--measured against the respective country's economic capacities--largely cancel each other out, whereas in the case of Great Britain--not least owing to insufficient regard for the community's preferential status--all elements are concentrated on the debit side. The British remittances derived from customs revenues are comparatively higher than those by the other member states, since on Albion's island there has come about a situation that is surprising in an industrial state: Aside from raw materials, it is increasingly semifinished and finished goods that are bought abroad and outside the European free trade area. In regard to the agrarian levies, the British share of agricultural imports from the rest of the world is likewise high, what with the country's low level of self-sufficiency. Finally, as regards the monies London pays Brussels from the value-added tax, the situation is not much better, since the investments and exports not subject to the value-added tax constitute only a small share of the national income. In short, the current financial regulations in the Common Market place at a disadvantage the member states characterized by a low level of agricultural self-sufficiency, by a weak export sector and by a low rate of investment.

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As regards expenditures, the agricultural bias derives from the EC's one-sided legal evolution as it affects the financial situation. The agrarian policy--as the only consistently integrated EC policy--swallows up approximately 70 percent of the EC budget. In itself, this fact is a logical and cogent consequence resulting from the perpetuation of the agreed-upon community principles. This situation is bound to continue, unless such general principles are extended also to cover basic concerns of social, environmental and transportation policy. However, the way the agrarian monies are utilized gives rise to concern. The inflation of the agropolitical expenditures in the last few years is not so much the result of a purposeful, long-term EC agrarian policy as the sum of shortsighted political compromises, in which all nine member states participated. The financial agro-transfers are questionable in that the growing EC funds increasingly flow to those areas that are most heavily involved in the Common Market's increasing production of surplus milk, meat, wine and grain. In place of encouragement of a healthy and well-balanced agrarian structure--involving due regard for regional and sociopolitical points of view--it is distortions and excesses that are rewarded.

However, this consideration of the community's financial structures would be incomplete, if it did not show the most important limits of such an analysis. The community's volume of available financial resources does not even equal 1 percent of the overall gross domestic production of the nine-member community. In its present form, the community budget cannot perform the function of a financial redistribution mechanism benefiting the economically less successful countries. With good reasons, the EC Commission has repeatedly pointed out that the community budget is only one aspect of the actual benefit derived from the mere fact of Common Market membership. For the most part, it is difficult financially to quantify such indirect transfers, let alone ascribe them to any particular member state. For example, the EC member states differ in regard to the benefit they derive from their affiliation with a single large market in Western Europe or from the advantages offered by a common trade policy. An informative cost-benefit analysis would have to consider the affiliation with the community as a whole, if questionable conclusions are to be prevented. Secondly, one must not overlook the fact that the results obtained in the community in regard to integration policy are interrelated and cannot be isolated from each other in regard to their essential aspects. Considered from a global point of view, the mere budgetary effects of the EC's agrarian policy are probably less significant than their farther-reaching economic consequences, e.g. in regard to the income distribution policy, the employment policy, the regional social structures or the social policy.

#### Great Britain's Insular Pragmatism

These qualifications notwithstanding, the shaping of the legal framework and the actual development of the community underscore the basic justification of Great Britain's demand for a balancing of the EC policies in the interest of all nine members. However, the form in which London has been

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pursuing this important objective reveals a high degree of insular pragmatism. After the successful French move concerning the EC financial policy, Great Britain was at first prepared to pay the required high "contributory price" for its EC accession--in the hope of being able later to remedy the situation from the inside. The establishment of the EC Regional Fund was a first small consolatory measure. A second attempt--this time in the framework of the "renegotiation of the accession conditions" by the Wilson Government--ended in the nine-member resolution of 11 March 1975 on the so-called Dublin Finance Mechanism.<sup>6</sup> As could be predicted even at that time, this instrument proved to be finance-political eyewash that could not outwit reality for long. In fact, on account of its many conditions and restrictions, a special repayment to Great Britain was never made. Nevertheless, in spite of its slant in favor of British interests, this arrangement remained just within the limits set by the basic EC principles; its financial and economic criteria applied indiscriminately to all nine member states. At the same time, Great Britain was able at that time firmly to establish an important EC objective: In the future, the community was to prevent conditions incompatible with its smooth functioning by making sure that none of the member states carry an excessive burden in regard to the financing of the community budget.

In view of the unsatisfactory results, Britain as early as 1979 made a new attempt that was qualitatively different in that the Thatcher Government was no longer prepared to accept the actual basic principles of the community's financial solidarity. Repeatedly, the energetic woman prime minister across the English Channel showed a lack of an intuitive grasp of the EC's normal decision-making process. From her insular, defensive position, she shortsightedly attacked--in a spirit of national arrogance--the EC's integration efforts. Although in keeping with the definition the EC's own resources are outside any framework of national allocation, Mrs Thatcher stated that the British people wanted to recover "a large part of their own money." Under its British president, Roy Jenkins, the Commission, which for years had strictly opposed any watering down of the EC principles concerning budget-oriented calculation models, soon joined in this game. The Brussels EDP machines generated heaps of data, all of which were flawed in that they showed only part of the truth and--through their very existence--served to undermine the foundation of the community.

That London's tactics finally--on 30 May 1980--yielded another partial success is not so much a result of Margaret Thatcher's energy as a consequence of the rather desolate state of the community. The symptoms of paralysis that had for some time been apparent in the EC integration effort put the community's solidarity to a severe test. Lacking direction, the nine member states drifted from one opportunistic project to the next--without any long-term conception concerning the actual common objectives, all of which were shelved--along with the Tindemans Report on the European Union. With remarkable matter-of-factness, the government leaders and heads of state of the nine member states talked at their successive summit meetings about policies and procedures that were hardly compatible any more with the

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substance and spirit of the EC agreements. In the loud-voiced triangle London-Paris-Bonn, it was France alone that called to mind--naturally for reasons of national self-interest--the keystones of the community. Federal Chancellor Helmut Schmidt stood in between, vacillating between economic considerations, coalition-related imponderables and foreign policy-oriented preferences.

This general development originates from a political trend that has been apparent for several years: The EC member states give priority to their in part rather shortsighted national interests over long-term community objectives for the benefit of all partners. As regards the nine-member community's political and economic heavyweights, e.g. France, Great Britain and the Federal Republic, this may be taken as an indication of their growing self-assurance. But the other, smaller EC member states surprisingly hold their own. They do not try--or no longer try--jointly to advocate or enforce--through systematic mutual consultation--the common interests with which one would expect them to be most concerned. With their disunity and lack of solidarity, they incapacitate themselves and enable the three bigger partners further to strengthen their present dominant position.

The "Cash Compensation" for Great Britain

The Brussels finance compromise, which is intended to ease the financial burden on Great Britain, is the latest symptom of the EC's confused state. On 30 May 1980, after a protracted night session, the nine foreign ministers agreed on a solution based on a rapid-rescue operation. As regards its formulation and ideological premises, the agreement does not live up to the former integration ideas. One-sidedly favoring Great Britain, it suspends--by extending the range of the Dublin Finance Mechanism and by means of special measures pertaining to regional policy--the EC principles of financial solidarity and equality at least for the next 2 years.<sup>7</sup> One cannot rule out the possibility that such an arrangement could set a precedent in regard to the EC partners' conduct in community-related cooperation. As regards the modulation of the natural interest balance among the nine members, it appears that the favored instruments are no longer formulation and intensification of truly community-oriented policies, but exertion of massive political pressure with the object of enforcing nationally oriented prerogatives. Although it will probably be difficult to abandon a course once chosen, the nine member states kept open a back door in the hope to be able--through a special political effort--to replace this expedient in the next 18 months by genuine, structural community policies.

In the aforementioned framework, it was finally only a question of how large the "cash compensation" for Great Britain should be. The financial haggling about sums that in comparison with the national budgets of the larger EC member states are more than modest was discussed at meetings of the nine member states' government leaders and heads of state and by a great many ministerial conferences. The extensive paralysis of the EC institutions and the threat to the very existence of the community were

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finally overcome in Brussels at a decision-making level that could have been attained in Luxembourg months ago. A positive aspect is the fact that a solution was found after all, that the mutual blocking was ended and that the states were able to resume their normal community-oriented work. The arrangement casts a shadow upon the future of the community. In the future, the member states' political initiative must increasingly be oriented toward the immediate domestic premises of the individual EC partners--i.e. toward those that are historically more deeply rooted and those that are the result of party policies. While it was by no means easy to reconcile the economic, political and cultural differences in the old six-member community, those difficulties were small in comparison with the problems involved in the link-up of the British Isles to continental Europe. The planned southern expansion of the EC, increasing the membership from six to nine, further magnifies these difficulties.

#### Preservation of the EC Substance or Reorientation?

Many politicians in the community have not accepted the diminution of the EC substance effected by the Brussels Compromise. However, no one is prepared to make a clear statement as to what course should be pursued under the present political conditions: Safeguarding the results attained in regard to integration? Revitalization of the hitherto operative EC principles, or reorientation of the community? For the time being, the EC Commission has likewise adopted a position of wait-and-see. Most likely, impulses from this side can be expected only from the future Commission team under its president designate, Gaston Thorn, the present foreign minister of Luxembourg.

In the meantime, there have been introduced in the international arena two diametrically opposite trends of thought concerning a reexamination of the basis of cooperation within the community. The first of these points of view originated in Bonn and advocates a reorientation of the EC. Proceeding by logical inference from the Brussels Finance Compromise, the proponents of this view ask whether the establishment of an upper limit for the financial net encumbrance of Great Britain should not perhaps be generalized by establishing a similar principle for the EC partners through a calculated net credit value. It was Federal Chancellor Schmidt who during the search for a solution of the problems involved in the British financial demands introduced this equalization idea in the discussions. The Federal Republic is now complementing this position, which unhinges the principle concerning financial solidarity within the EC, undermines the principle of the community's preferential status and relativizes the principle of equality.

The second approach was introduced by Paris. The French Government has not made any explicit proposals; however, through the well-known tactics employed during the period before Great Britain's accession, it is exerting pressure on the community partners. According to President Valéry Giscard d'Estaing and his prime minister, Barre, it is imperative that for the

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present difficulties of the community a permanent solution be found before the accession of Portugal and Spain; serious negotiations concerning accession are impracticable as long as the community has not attained clarity as to what should be the subject of the discussions. Advancing rather involved arguments, France makes its consent to the EC's southern expansion contingent upon the reaffirmation of the hitherto operative financial principles of the EC. In the French view, the preservation of a vital agricultural sector and of competitive family-owned enterprises in the future community is a fundamental prerequisite--as an essential contribution to the maintenance of the economic and social equilibrium; the hitherto operative principles concerning the community's preferential status, price unity and financial solidarity must not be affected by any of the potential changes in the EC's agrarian policy. France thus insists on safeguarding the EC substance, for which it has been fighting so successfully in the last 20 years. The French government holds that once these preconditions are accepted, the community may even discuss production-related agricultural price guarantees or consideration of the special economic circumstances of certain farmers.

Thus France's future course appears to be predetermined. Great Britain indulges in shortsighted pragmatism, without showing much understanding of the fundamental ideas concerning the community's integration work. The Federal Republic stands in between; showing a fair measure of economic and finance-political opportunism, it flirts now with the one and now with the other partner, all the while strictly adhering--the only sign of an independent policy--to the limits set in 1970 in regard to the extent to which the community should finance projects from its own resources. It is difficult to predict the outcome of the politically difficult and complex disputes concerning the integration and existence of the EC. However, as regards the future form and intensity of the community's cooperation, Bonn--as the finance-oriented partner--holds a key position.

## FOOTNOTES

1. See the text of press release of the Council in: EUROPA-ARCHIV No 14, 1980, pp D 378 ff.
2. Agreement Concerning the Establishment of the European Economic Community, in: "Vertraege zur Gruendung der Europaeischen Gemeinschaften" [Agreements Concerning the Establishment of the European Communities], Luxembourg, 1973, p 173.
3. Text of the Communique in: EUROPA-ARCHIV, No 2, 1970, pp D 42 ff.
4. Text of the Communique in: EUROPA-ARCHIV, No 2, 1975, pp D 41 ff (D 45).
5. See EUROPA-ARCHIV, No 14, 1980, p D 378.

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6. Official summary of the Dublin Conference in: EUROPA-ARCHIV, No 7, 1975, pp D 176 ff.
7. According to the documentation of the German Federal Ministry of Finance, the EC member states--according to present estimates of the Brussels Commission--contribute to the relief of Great Britain in 1980 and 1981 through the following changes in their calculated net balances in the EC budget (in million units of account):

	1980		1981	
	from	to	from	to
Germany	-1192	-1725	-1360	-1978
Great Britain	-1784	- 623	-2140	- 783
France	+ 15	- 365	+ 10	- 355
Italy	+ 808	+ 684	+ 860	+ 645
Ireland	+ 535	+ 545	+ 680	+ 689
Belgium	+ 484	+ 427	+ 600	+ 523
Netherlands	+ 425	+ 380	+ 560	+ 493
Luxembourg	+ 287	+ 284	+ 320	+ 317
Denmark	+ 422	+ 406	+ 560	+ 546

Source: BMF FINANZNACHRICHTEN, No 26, 11 Nov 1980.

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COUNTRY SECTION

FRANCE

POSSIBLE SCHEDULE OF 1981 ELECTION, FIRST ROUND 26 APRIL

Paris POUVOIRS in French No 14, 1980 p 150

[Proposed schedule of 1981 elections]

[Text] In paragraph 3, article 7 of the Constitution stipulates that "the election of a new president shall take place at least 20 days and at most 35 days before the power of the incumbent president expires." Given that Mr. Giscard d'Estaing was inaugurated on 27 May 1974, the following dates are possible.

Decree calling for elections		
Deadline for declaring candidacies	Wednesday 8 April	Tuesday 14 April
Deadline for publishing lists of candidates	Saturday 11 April	Friday 17 April
Official campaign opening	Saturday 11 April	Friday 17 April
Closing of official campaign	Friday 24 April	Friday 1 May
First round	Sunday 26 April	Sunday 3 May
Deadline for announcing results of first round	Wednesday 29 April	Wednesday 6 May
Closing of official campaign	Friday 8 May	Friday 15 May
Second round	Sunday 10 May	Sunday 17 May
Deadline for announcing final official results	Wednesday 20 May	Wednesday 27 May
Installation of new president	Wednesday 27 May 1981	
President's message to Parliament (optional but traditional)	Wednesday 27 May	Wednesday 27 May

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FRANCE

COMMUNIST SUCCESSES WITH ELECTORATE EXPLAINED

Paris L'EXPRESS in French 11-17 Oct 80 pp 130-133

[Commentary by Albert du Roy: "Why People Still Vote Communist"]

[Text] Last Sunday, 12 October, Georges Marchais was selected as the Communist candidate for the presidential election in the spring of 1981. By a revealing slip of the tongue committed 15 days ago--"I [word in italics] am the only anti-Giscardian candidate"--the secretary general had shown that he was in reality self-selected. But it was necessary for the parody of internal democracy this weekend to dissimulate the fact--for those who want it that way--that the PCF [French Communist Party] is subjected, just like any other "reactionary party," to personal power.

The hurdle of this election will be difficult to surmount for the Party and for its chief. Increasingly evident bankruptcy of the pseudosocialist regimes of the East, reinforced subservience of the French Party to the Kremlin's strategy, serious doubts about the integrity of the secretary general: all the conditions seem to have come together to bring about a setback.

However, the Party has weathered so many storms that nothing permits the forecasting of a collapse this time. The graph at the top of the page vividly shows this: for 22 years, one out of five Frenchmen has voted communist. In spite of Budapest, de Gaulle, May 1968, Prague, the Gulag, Mitterrand, the scuttling of the Union of the Left.

This set in concrete percentage is abnormal and harmful.

Normal Percentage. Of all the comparable developed countries, France is the only one to have an important Communist Party. Without speaking of the United States and the Federal Republic of Germany, where rather undemocratic constraints have been placed upon its development, the Communist Party does not exceed 5 percent, except in Sweden, and there by very little. It does not total 4 percent in Belgium, nor 2 percent in Denmark and the Netherlands, nor 0.5 percent in Norway and Great Britain. Even in the less developed and erstwhile dictatorial Mediterranean countries the Communist Party's percentage remains below that of the French Communist Party: 10 percent in Spain, 17 percent in Portugal. It is only in Italy, a special case, that the PC exceeds its French counterpart: 30.4 percent.

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Politologues Denis Lindon and Pierre Weill<sup>1</sup> have attempted to measure the intention of French voters to vote for such and such party. Vis-a-vis the Communist Party, the electorate is first divided into two very unequal masses: on the one hand, 63 percent of the "out-of-reach" voters whom nothing will induce to vote communist; on the other hand, a "nucleus" of 9 percent of the voters who are naturally communists. Between the two, 28 percent of the "undecided" or "potential" voters who can be attracted by the PC. The "anomaly" of its percentage is strikingly shown in the figures: during its periods of counterperformance (1958 vis-a-vis de Gaulle, 1968 after May, 1978 after its evident re-Stalinization), the PC should have reconciled itself to the 9 percent which constitute its nucleus. But made claim to 20 percent. And, therefore, in spite of everything, is dipping into the reservoir of undecided voters.

This is also a harmful percentage because the PC's power is blocking any alternative in the government. For 22 years, the same parties have been governing France. For nearly 10 years, the new socialist dynamism, which counts on the support of communist votes, has been running into this double iron wall: the allegiance of the Communists to the Moscow line and the anticommunism of the majority of the French.

We are familiar with the general characteristics of this communist electorate through dozens of studies based on surveys, which at times have been ordered by the PC itself.<sup>2</sup>

Thus we know that out of 100 communist voters, about 40 are less than 35 years of age, which makes it the youngest electorate in France. About half of these voters live in cities of over 100,000 inhabitants or the Paris region, which makes it the most urban electorate. Finally, about one-half of them belong to the working sector.

However, although one out of two communist voters belongs to the working world, only one out of three French workers votes communist. The same studies show in fact that out of 100 workers, 35 vote for the PC, 33 for the PS, 22 for the majority. The other categories of "workers," white collar employees or peasants, only partially figure in the communist battle. This electorate is also very unequally distributed throughout the national territory. Further along, Emmanuel Todd explains the contraction in its geographic distribution.

How can we explain the fact that the PCF feels that it owns the votes of 20 percent of such a diversity of Frenchmen, and this in a country with a high standard of living, which is profoundly individualist and attached to the freedoms?

The reasons for this claim are many and complex. They are based, according to the case, on historical circumstances, the communist savoir faire and the power of the Party's apparatus.

Memory Is Transmitted in the Blood

Jean-Francois Deniau, a Giscardian minister thrown into the assault on the Cher "red" bastion, was amazed to observe that a few kilometers apart, and under identical living conditions, one village could vote massively communist and another conservative. The explanations he found derive more from historical subconsciousness than from logic. Certain communes, for example in Sancerrois and Cevennes, at the time of the Edict of Nantes, saw themselves shorn of their protestant elite who went

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abroad and are said to have acquired a congenital hostility for government because of it. Deniau also wonders whether the same reflex was not operative in communes where a priest resided who had preached a revolutionary sermon and, finding himself banished, had communicated his revolt to his entourage. "Memory is transmitted in the blood," Deniau concludes, quoting a Chinese proverb.

In any event, the fact of the matter is to be found there: the Communist Party is above all the party of discontent. And heaven knows that France has the art of creating and multiplying discontents! While the first German social laws date back to Bismarck, French workers had to wait until 1936 to exact the first concessions. In France, a problem is rarely resolved until it is posed in terms of violent demands. Everything is "won by fighting," which supplies headlines emulating the fighting banners of L'HUMANITE.

Elsewhere, in places where immobility is less entrenched, reform parties of the social-democratic kind have succeeded in personifying the wish for social progress. In France, the socialist movement has been stifled between the immutable established order and upheaval.

The PC has filled this vacuum with an exceptional savoir faire. And, first, by establishing as an absolute principle that it was "the party of the working class." An arguable truth, as we have seen, but so firmly set in the mind, that many communist voters are claiming they belong to the working class although they are not part of it.<sup>3</sup>

Militant workers, who are often devoted and generous, are the architects of this identification. The Party has 10,000 cells in the enterprises. At times these cells are all-powerful, as in the Renault plants in Billancourt, the "red citadel." At times persecuted, as in the Citroen factories in Rennes (see Jacques Roure's article). The former are part of worker mythology and the latter of social martyrdom. The PC, not without cynicism, makes use of both to strengthen its worker image.

This image would probably not have lasted as long as it has if it had not been consolidated by a formidable helpmate [relais]: the CGT [General Confederation of Labor], of which almost the totality of federal or sectional personnel is communist and which carries on an enormous effort to impregnate the worker world, above and beyond the communist nucleus.

"In Epernay, the PC's strength is that of the CGT," explains Bernard Stasi, former UDF [French Democratic Union] mayor. The repair workshops of the SNCF [French National Railroads] is a reservoir of trade union and, therefore, political cadres. Upon retirement, at the age of 55 years, these cadres can devote their time exclusively to Party matters. The CGT monopoly at Moet et Chandon, whose owner, Ghislain de Vogue, was deported with former trade union leader Gaston Martin, has contributed to the strengthening of this CGT force in the other champagne cellars."

As for Pierre Beregovoy, the socialist candidate in the North, he said, "The worker cities of Mons and Charleroi, several kilometers on the other side of the Belgian border, have experienced the same industrial problems as Douai and Valenciennes. Nevertheless, on this side the PC does not exceed 4 percent while on the other it is the majority party. Why? Because the FGTB [General Federation of Labor of Belgium], which is very powerful, is socialist while on the French side the CGT dominates everywhere." What better illustration could there be of the procurer [rabatteur] role played by the CGT vis-a-vis the PC?

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This helpmate role is performed in all sectors by over 200 cultural, corporative, touristic, sports, rural, regional, banking, real estate, family, insurance... organizations. All together they fulfill three functions: to attract passive or active sympathies--electoral or activist; to disseminate slogans; to gather money.

Also matchless is the central exercised in the popular communes and suburbs. In the name of a perfectly noble principle: to be close to the concerns of the people. But for an ambiguous reason: to serve the interests of the party which is defending the interests of the people.

"The PC's secret is simple" it plugs away," said Claude Germon, PS mayor of Massy (Yvelines). "Its strength rests basically on its organizational capability and the weakness of the other parties. When no one is there to oppose them, the communists, who are everywhere, are permitted to give credence to everything they say." From now on, Germon will manage to arrive at factory gates before the communists.

Echoing his remarks, Andre Laignel, SP mayor of Issoudun (Indre) said, "The PC's basic strength is in its social assistance work." Laignel immediately organized a system of free legal consultations.

Cities abound in which the urbanization policy has contributed to the PC's victory or has strengthened the Party. In Mans, no sooner had the oil shock caused HLM [Low-cost Housing Program] rates to climb than its president, who was also the Gaullist mayor, was defeated. In Reims, HLM construction in the city doomed UDF Mayor Taittinger.

In Troyes, Robert Galley (RPR [Rally for the Republic]) placed such construction outside the commune and was not affected. In Le Havre, the new HLM units in the center of the city are strengthening the CP in the mayoralty.

Every collective building, every district association, is then taken over by the activists who, on a case basis, post or play up their political label.

The leadership of a municipality is a master trump. "In Noel, in Le Havre," recounts Antoine Ruffenacht (RPR), "every person over 65 years of age receives a package from the mayor. That does not resolve the problem of the senior citizen but the mayor assures himself of the gratitude of the old people." Such cleverness is not proper for communist mayors, but they practice it with great effectiveness.

Control over a city can be further strengthened when a mayor knows how to create for himself a clientele which passes beyond the limits of the class or ideological nucleus. Typical cases: Nimes (see Michel Labro's article), Le Havre, Amiens, where the entire communist cleverness consists in hiding Party control behind a debonair personality.

Like the CGT trade union sections, the 1,559 municipalities under communist direction--including 72 cities with over 30,000 inhabitants out of 221--are a reservoir of active propagandists. "In Le Havre," Ruffenacht explains, "the elected communists are all permanent Party members. Therefore, they devote full time to municipal management, something that the elected officials of the other parties cannot do anywhere." "In Mans," said Jacques Chaumont (RPR senator), "communist sides are paid but the Party, while the socialist elected officials must continue to perform their professional duties."

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Municipal control is, therefore, so complete that most often the municipality has become irreversibly communist.

The most astonishing thing is that, thanks to the length of time it has been active and the depth of its distribution, the CP is now benefiting from a "heritage of communist voting." This is manifest in the rural area: the red vote in Allier--near conservative Cantal--is born of peasant hatred for the big landowners who abandoned their land, leaving its exploitation to overly demanding managers. "The great-grandsons of these peasants are riding around in CX's and are playing tennis; however, they continue to vote communist," one mayor said about Allier.

This heritage is manifested in the middle-class world: "For me, voting communist is going back to my roots, since my father was a worker," explains Christine, the wife of a financier.

Finally, this heritage is manifested in the very heart of the apparat: "The CP is assured of the loyalty of those who are promoted, daughters and sons of the proletariat who have succeeded in their social climb," writes Jean Chesneaux.<sup>4</sup> They have played the game and have won; however, they are a bit annoyed by it. They would not like to lose contact with their place of origin, for which they have sincere nostalgia."

Thus the plan is clear: a historical, sociological and geographic predisposition to discontent is picked up by a party which seduces, staffs and organizes its troops with such skill and such power that the latter can never again escape from its control.

No one is any longer ignorant of the reality of the communist countries. No one can deny the dependence of the French Communist Party on Moscow. No one can doubt that, behind activist generosity, there is an implacable apparat. But, nevertheless, out of tradition, out of habit, out of conviction, out of solidarity, 5 million discontented Frenchmen continue--and doubtless will continue unperturbably--to vote communist.

This is a formidable challenge which the other large French parties have failed to accept for a half century, leaving the impostors to monopolize hope and the future.

FOOTNOTES

<sup>1</sup>D. Lindou and P. Weill, "Explanatory Model of Electoral Behavior," Editions de Minuit.

<sup>2</sup>Louis Harris Surveys, Sofres, Ifop, published from 1973 to 1980 in L'EXPRESS, LE MATIN, LE NOUVEL OBSERVATEUR, LE POINT, FRANCE NOUVELLE.

<sup>3</sup>Jean Ranger, "Notebooks of the National Political Sciences Foundation," No. 175.

<sup>4</sup>"The PCF, An Art of Living," Editions des Lettres Nouvelles.



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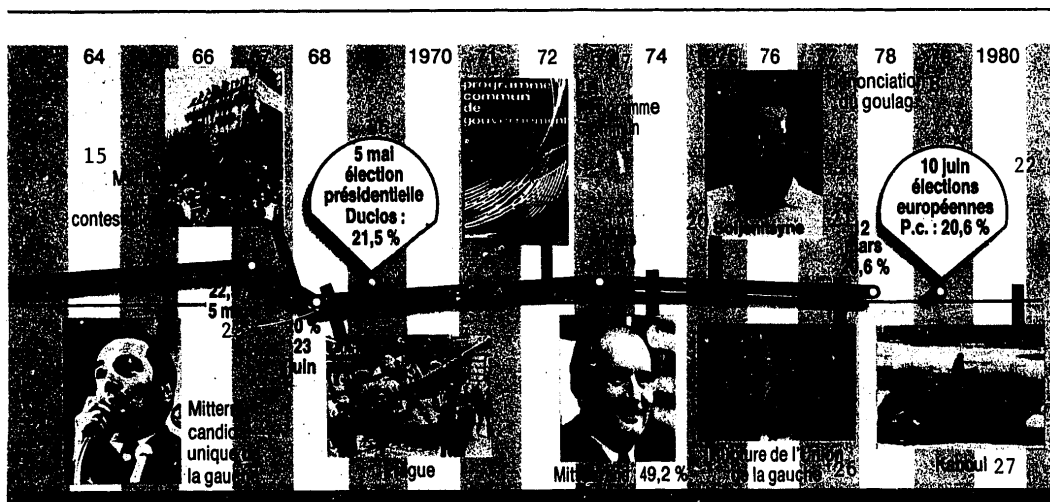


**Key:**

1. The Communist Vote in the Legislative Elections Since 1945 (compared to the total votes cast)
2. 10 November
3. 21 October
4. The PC leaves the government.
5. 17 June
6. Destalinization
7. 2 June
8. 2 January
9. The War in Indochina
10. The Cold War
11. The Korean War
12. The Algerian War
13. 23 November
14. 18 November

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[Key (continued)]

- 15. May 1968: the reply
- 16. 5 May presidential election: Duclos: 21.5 percent
- 17. The Common Program
- 18. The Gulag Denunciation
- 19. 4 March
- 20. Solzhenitsyn
- 21. 12 March
- 22. 10 June European elections: PC: 20.6 percent
- 23. 5 March
- 24. 23 June
- 25. Mitterrand: single candidate of the left
- 26. Union of the Left split
- 27. Kabul

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FRANCE

EVOLUTION OF PUBLIC OPINION TOWARD ROCARD, MITTERRAND

Paris POUVOIRS in French No 13, 1980 pp 189-197

[Article by Jean-Luc Parodi and Pascal Perrineau: "Francois Mitterrand and Michel Rocard: Two Years of Competition in the Public's Opinion"]

[Text] Because only a socialist can hope to win against the outgoing president, and because among socialists only the two former candidates of 1974 and 1969 currently have the favorable reputation and image necessary for such competition, three and only three men -- V. Giscard d'Estaing, F. Mitterrand, and M. Rocard -- today dominate the French political system as structured by the presidential election (1). Leaving aside the outgoing president, we will consider only the internal competition in the Socialist Party (PS), since the choice of its candidate can prove to be decisive in 1981. When the day comes, this choice will be the result of a subtle mix of individual decisions, militant votes, and balance of public opinion forces. This article will obviously deal only with the latter.

In a preceding paper (2) we outlined nine major indicators, which we will briefly review here:

1. Among the variables which allow a classification of polling questions, a major one differentiates between questions of notation and questions of choice; we will therefore avoid classifying as contradictory the diverse indications given by different indicators (3).
2. The overall rating of a politician is structured primarily by partisan sympathies; it follows that party leaders closer to the center will generally be more popular than peripheral party leaders.
3. From this standpoint, the image structure of the two socialist leaders became clearly different after the defeat of the left in 1978: the constantly bipolar structure of Mitterrand (strong on the left, weak on the right) stands in contrast to the more "recentered" one of Rocard.
4. From 1968 to 1979, Mitterrand's curve appears directly associated with the fortunes of the leftist union; it culminates with the "presidential" period of May 1974 to March 1978 (figure 1).

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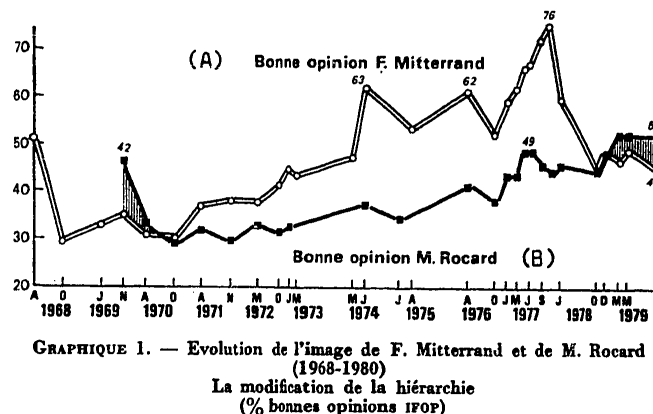


Figure 1. Changes in Mitterrand's and Rocard's images (1968-1980).  
Modifications in standing (% good opinion IFOP).

Key: (A) Good opinion of Mitterrand  
(B) Good opinion of Rocard

5. During the same period, Rocard's curve is characterized by a steadily increasing recognition, a growth without sudden changes, and a relatively low rate of negative opinions.

6. The consequence of this double and contrasting growth shifts Mitterrand from monopoly status to competition status, and this entry into competition in turn emphasizes his decline.

7. The spread between the two leaders seems all the greater since the indicator that is used includes a time perspective, as if a wish was being manifested for a renewal of the political personnel.

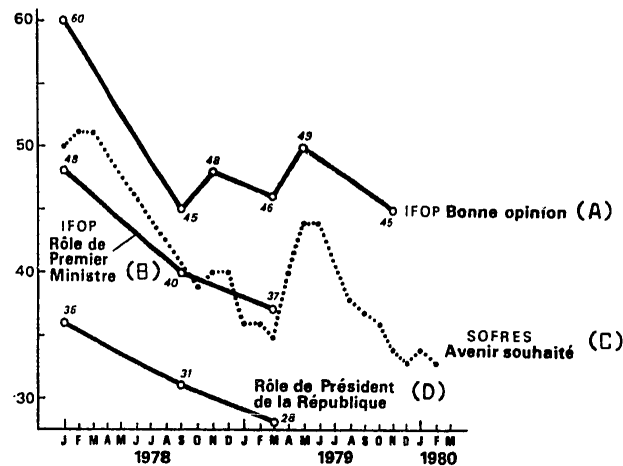
8. Within the socialist nebula, the Rocardians appear to be more politicized, more active, and younger than the Mitterrandists, with a slight Rocardian weakness nevertheless being detected among very young voters.

9. And finally, the images of the two men differ, the presidential dimension of Mitterrand being opposed to the human dimension of Rocard.

One year has passed since this analysis was written. During this time, what changes have taken place in the ratings of the two leaders, their partisan structures, and their general images?

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GRAPHIQUE 2. — La dégradation de l'image globale de François Mitterrand

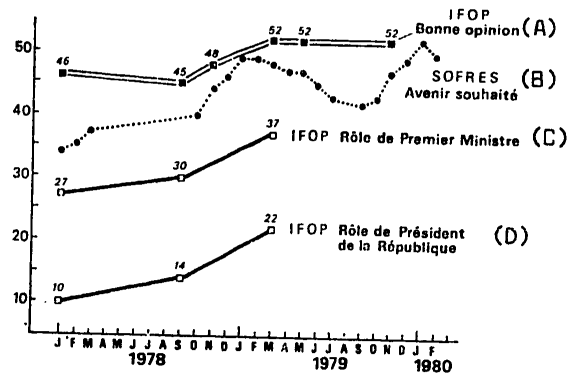
Figure 2. Weakening of Mitterrand's overall image.

Key: (A) IFOP Good opinion  
 (B) IFOP Prime minister role  
 (C) SOFRES Wished-for future  
 (D) Role of president

Overall, all notation indicators have moved in the same direction: lower for the First Secretary of the PS (figure 2), whether in terms of the IFOP (French Public Opinion Institute) "good opinion" rating (-15 with respect to January 1978), of the SOFRES (French Opinion Polling Company) "wished-for future" rating (-16), or of the public's perception of him as eventual prime minister (-11) or president (-8) (4); higher for Rocard (figure 3), who in terms of the same indicators progressed by six points (IFOP), 18 points (SOFRES), 10 points (IFOP prime minister), and 12 points (IFOP president) (5).

These contradictory changes are even more clearly perceived when we move from notation questions to ones of competition. For instance (figure 4), the spread in favor of Rocard moved from seven points in October 1978, to 35 points in January 1980, in answer to the question asked six times since the summer of 1978: "In your opinion, who would be the better candidate in the presidential election: François Mitterrand or Michel Rocard?" The change is identical among socialist sympathizers (from -2 to +29 in favor of Rocard) (6).

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GRAPHIQUE 3. — La progression de l'image globale de Michel Rocard

Figure 3. Progress in Rocard's overall image.

Key: (A) IFOP Good opinion  
 (B) SOFRES Wished-for future  
 (C) IFOP Prime minister role  
 (D) IFOP Role of president

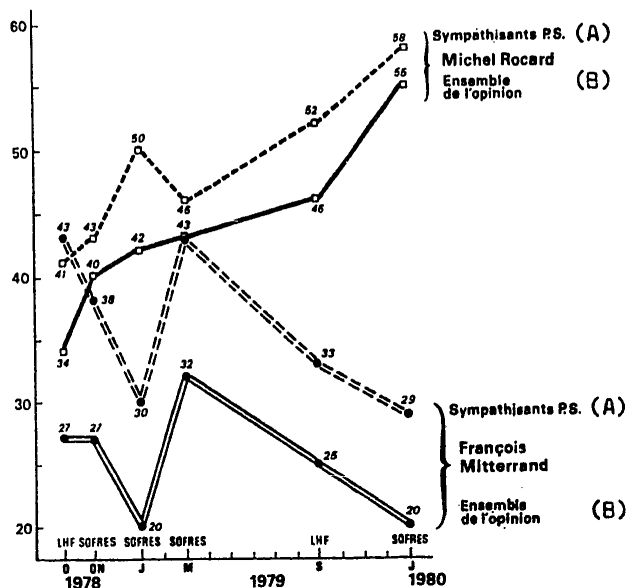
Mitterrand's lag (-35 overall) is greatest among higher echelon executives, the liberal professions, big business, and industrialists (-66), UDF (French Democratic Union) sympathizers (-57), RPR (Rally for the Republic) sympathizers (-50), intermediate level executives and employees (-47), and the 35-49 age group (-42); and least among PC (Communist Party) sympathizers (-9), workers (-12), and the 18-24 age group (-21).

The same changes are also found in an examination of the respective capabilities of the two contestants (7). From October 1978 to January 1980, the number of French citizens who consider Mitterrand as "the most capable one" has decreased from 6 percent to 11 percent depending on the type of problem being considered, and those who prefer Rocard has increased from 11 percent to 16 percent (with the no-opinion number being equally reduced). This growing lead of Rocard does not reopen the question of the general structure of the two competing images, and Mitterrand stands up better for functions of presidential caliber ("represent France abroad"; "assure the unity of the French people"). The change is identical, but the upset even greater among socialist sympathizers (figure 5).

The change in the partisan structure for Mitterrand's future ratings (SOFRES) since January 1978, indicates three important periods (figure 6): the drop after March 1978, which is measured only following the renewed publication of SOFRES-FIGARO MAGAZINE polls in October; the mobilization of socialist sympathizers at the time of the European elections from March to

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GRAPHIQUE 4. — La prédominance croissante de M. Rocard en situation de concurrence  
 (« A votre avis qui de F. Mitterrand ou de M. Rocard serait le meilleur candidat pour l'élection présidentielle? »)

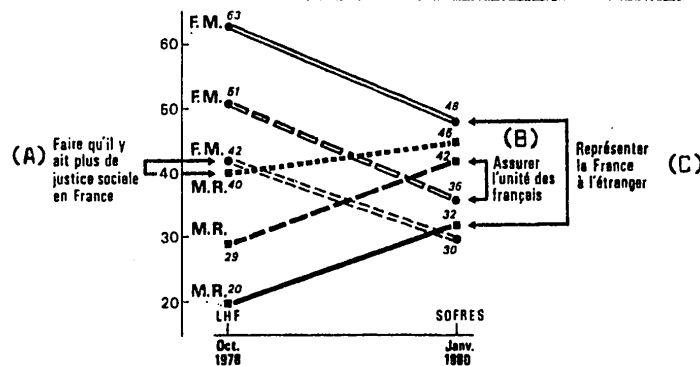
Figure 4. Rocard's growing predominance in a competitive situation.  
 ("In your opinion, which of Mitterrand or Rocard would be the better candidate for the presidential election?")

Key: (A) PS sympathizers  
 (B) Overall opinion

June 1979; and the direct effects of the left's new disunity after Kabul and the ratings drop of communist sympathizers. From January 1978 to January 1980, the loss is particularly heavy among the two groups with the largest influence on the total ratings: 26 points among socialist sympathizers, and 19 points among voters without stated preference. Since these two groups, the first more definitely than the second, are clearly those which would be most readily mobilized by an eventual presidential candidacy, we can risk predicting that under these circumstances the overall rating would increase to about 45 percent, with the general structure remaining definitely bipolar.

This is not the case for the change in the partisan structure of Rocard's ratings (figure 7) during the same period. In January 1980 for instance, the lineup is as follows: 68 percent PS sympathizers, 53 percent UDF

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GRAPHIQUE 5. — Les aptitudes croissantes de M. Rocard chez les sympathisants socialistes  
 (« Entre F. Mitterrand et M. Rocard, lequel est à votre avis le plus capable de... ? »  
 Louis Harris-France, SOFRES)

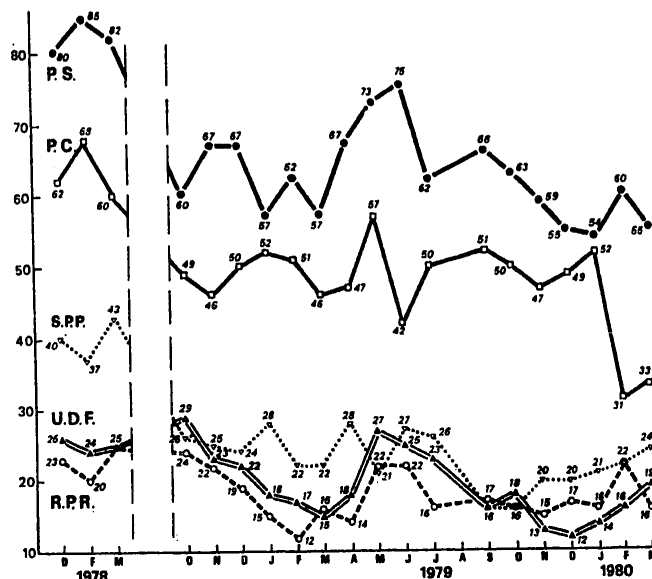
Figure 5. Rocard's growing capabilities among socialist sympathizers.  
 ("Between Mitterrand and Rocard, which one in your opinion is more capable of ... ?" Louis Harris-France, SOFRES)

Key: (A) Bringing about more social justice in France  
 (B) Assuring the unity of the French people  
 (C) Representing France abroad

sympathizers, 40 percent "no partisan preference," 39 percent RPR, and 38 percent communists. The ratings among the latter did not change significantly (an average of 39 percent, between a maximum of 45 percent and a minimum of 32 percent), but the increase among center-right voters has been especially spectacular: from January 1978 to January 1980, Rocard gained 34 points with UDF, and 21 points with the no-preference voters. This recentering of Rocard's ratings, which is felt much more strongly among Giscardians than Chiracites, lends him both his strength and his weakness: his strength because this Rocardian attraction of the center-right voters gives the left additional opportunities to worry the outgoing president when the time comes, and his weakness because the logic of the electoral confrontation will strongly reduce this rightist support. These contradictory effects of an eventual presidential candidacy -- greater mobilization of socialist sympathizers, uncertainty of the communists, slightly weakened support from no-preference voters, Giscardian relapse -- would probably maintain an overall rating of 45 to 50 percent (and probably closer to 50 percent), this stability dissimulating a restructuring with bipolar tendencies. Chronologically, the curve among socialist sympathizers bears the traces of the Congress of Metz, the European election, and Rocard's disappearance from the political arena after his mountain accident. If the two graphs are read concurrently, we can observe that since January 1979 there are always more Rocard partisans than Mitterrand partisans among



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GRAPHIQUE 6. — Evolution de la cote d'avenir SOFRES de F. Mitterrand par sympathies partisans (1978-1980)  
Le maintien de la structure bipolaire

Figure 6. Change in the SOFRES rating of Mitterrand's future, by partisan sympathies (1978-1980). Persistence of bipolar structure.

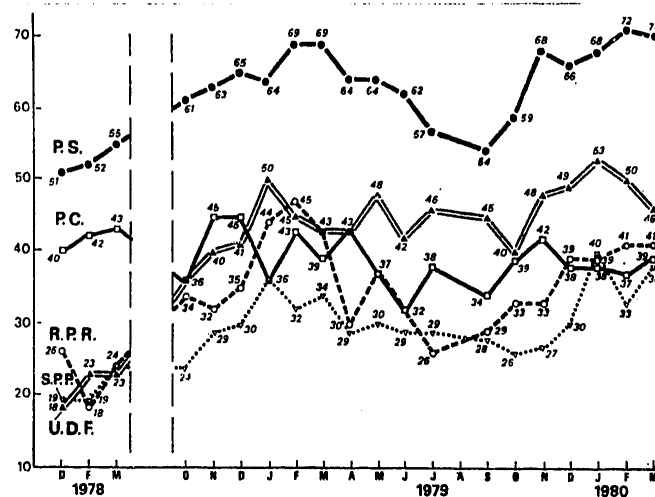
UDF and RPR sympathizers, and among voters with no stated partisan preference; and always more Mitterrand followers than Rocard followers among PC sympathizers (8). Among the socialists, the leanings have alternated: Rocard during the first quarter of 1979, Mitterrand from April to October, and Rocard once more since then. Rocard's domination among the center-right and rightist voters prompts the question of whether the respective position of the two leaders on the left-right axis did not reverse itself since the fall of 1978, when 28 percent classified Rocard on the left of Mitterrand, and 12 percent saw it the other way.

In this year of competition, we can draw six major lessons:

1. Rocard's advantage over Mitterrand has unquestionably increased during the past year.
2. This advantage can be explained by a progression within the socialist nebula, as well as by an increasingly greater sensitivity of the center-right voters to the Rocardian attraction.

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GRAPHIQUE 7. — Evolution de la cote d'avenir SOFRES de M. Rocard par sympathies partisans (1978-1980)  
La tentation rocardienne de l'électorat de centre-droit

Figure 7. Change in the SOFRES rating of Rocard's future, by partisan sympathies (1978-1980). Rocardian attraction of the center-right voters.

3. Despite the modified balances, the two leaders retain the same strengths and weaknesses.

4. The non-Rocardian Mitterrandists are found mostly at the fringes of the PS and PC, and the non-Mitterrandist Rocardians mainly at the fringes of the PS and of Giscardism (9).

5. Because the left cannot win in the second round of the presidential election except by encroaching on its own right wing, the Rocardian attraction felt by the center-right voters -- which sometimes renders Rocard's popularity more fragile -- appears nevertheless to give him more opportunities than his associate-rival, to endanger the outgoing president.

6. The Socialist Party is today the only organization with two leaders, and this duality gives it its originality. However, as the presidential election draws near, there can be only one candidate. Whoever he is, once removed from a competitive to a monopoly status, he will engage into the bipolar logic of the French political system, a logic in which the dialectic of blocks plays a greater role than personal images, and in which the daily mobilization will erase at least temporarily, the memory of the candidacy race.

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FOOTNOTES

1. Conclusion of the preceding "Chronicle of Public Opinion," this paper: "Waiting for 1981: the Hypothetical Presidential Elections," POUVOIRS, 12.
2. Jean-Luc Parodi and Pascal Perrineau: "Francois Mitterrand and Michel Rocard: the Socialist Leaders in the Public Opinion (1968-1979)," PROJET, 134, April 1978, pp 475-492.
3. See "Mitterrand-Rocard: Contradictory Polls," NOUVEL OBSERVATEUR, 8 October 1978; R. Cayrol, "How to Read a Poll," L'EXPRESS, 13 October 1978; J. Jaffre, "Mitterrand, Rocard and the Polls (continued), NOUVEL OBSERVATEUR, 15 October 1978.
4. IFOP: "For each of the following personalities, tell me whether you do or do not see him in the role and function of President? Of Prime Minister?"
5. In March 1979 therefore, more French citizens (28 percent) see Mitterrand "in a role and function of President" than they see Rocard (22 percent). But everything indicates that the changes have taken place since then. In November 1979 and January 1980, to the (IFOP) question: "For each of the following personalities, tell me whether according to you he has or does not have the personal qualities necessary, in your opinion, to one day become President?" Rocard obtained 53 percent and 52 percent positive answers (against 26 percent and 25 percent negative ones), and Mitterrand had 50 percent and 45 percent, against 36 percent and 39 percent.
6. It should be noted that the word "better" carries with it an ambiguity: "better" because he is preferred, or "better" because he will succeed better. That is why on 10 June 1979, on the day of the European elections and therefore in a context more favorable to the First Secretary, an IFOP question formulated more explicitly: "Who would be the best candidate for the Socialist Party, that is, the one who would have the largest number of voices?" gives an advantage of 39 percent to Mitterrand (67 percent among socialist voters), against 35 percent to Rocard (26 percent among socialist voters). In November 1978 and January 1980, yet another wording: "Which candidate can best lead the opposition to victory during the second round of the presidential elections?" (IFOP) gives 42 percent and 44 percent to Rocard, against 31 percent and 25 percent to Mitterrand, and 11 percent to Marchais on both occasions. Among the socialist voters, in January 1980, Mitterrand (44 percent) is still ahead of Rocard (42 percent).

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7. Harris-France, October 1978, and SOFRES, January 1980, polls: "Between Mitterrand and Rocard, which one in your opinion is most capable of representing France abroad? Assure the unity of the French people, bring about more social justice? Solve economic problems (fight against inflation and unemployment)? solve the new problems that are facing French society (equality of men and women, environmental protection, and improved quality of life)?"
8. Except since February 1980.
9. See the very interesting analysis of Jean Charlot, "Mitterrand-Rocard, the Socialist Puzzle," LE POINT, 10 December 1979.

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COUNTRY SECTION

FRANCE

REASON FOR ARIANE LAUNCH FAILURE STILL SOUGHT

Paris AIR & COSMOS in French 4 Oct 80 p 47

[Article by Pierre Langereux]

[Text] The investigation is continuing into the failure of the second Ariane rocket launch at Christmas time 1979. The recently appointed project review commission is to submit its conclusions in mid-October, Jean-Claude Bouilliot (CNES) and Walter G Naumann (ESA) told the IAF Convention.

The conclusions, still preliminary, of the Ariane project team are for the time being as follows: the explosion of the L02 launcher was due to "high frequency vibrations which could have been induced by a reduction in the injector's margin of stability, which was caused by a slight drift in the manufacture (of the injector), to which most probably was added the influence of the motor starting sequence, and perhaps also a marginal effect of the dynamic and acoustical environment of the firing step.

It is confirmed in fact that the destruction during flight of the second Ariane launcher--108 seconds after firing the engines--was due to the appearance of high frequency vibrations--first of 2,000 Hz then of 2,300 Hz--which attained a level of 35 bars. These vibrations appeared on one of the four Viking engines of the first stage, about 4 seconds after firing, or just after take-off. These vibrations are thought to have resulted from the abnormal sensitivity of the second launcher's motor--which did not happen on the first rocket. This sensitivity could be the result of variations which occurred in the manufacture of the L02 launcher injectors, and have been influenced by a motor starting sequence slightly different from that of the first launch.

The films presented at Tokyo by the CNES and ESA clearly showed the two flashes which appeared in the jet of one of the first stage engines--one about 4 seconds after firing and the other 28 seconds after ignition of the engines. These flashes materialized the erosion of the injector (in aluminum alloy) as a result of the high frequency vibrations. The first flash, which lasted 0.3 seconds, indicated the beginning of the injector erosion. The second flash, at zero hour 38 seconds, was the result of damage to the oxidant (nitrogen peroxide) injection holes which connected with the combustion chamber, causing a second period of vibrations. Another consequence was the burning of the cooling film (using the fuel UDMH), which brought about the erosion of the nozzle. There followed a lateral

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thrust which destroyed the connection of the servo-control actuator which drives the motor. Finally, the motor was ejected, and fire broke out in the first stage's propulsion bay. The launcher then exploded a little more than a minute after take-off. It was nonetheless possible to recover some of the wreckage in the sea off of Kourou, including the defective motor, which has facilitated the investigation.

The CNES has already taken corrective measures to remedy the potential causes of such a problem:

- individual delivery from injectors with hot firing (while operating) on the stand;
- improvement of the regulators in order to obtain better reproductability of the starting sequence;
- and (eventual) installation of new jet deflectors and of a water injection system on the firing step in order to reduce the level of acoustical noise during starting of the motors. But, this measure will only be applied after ONERA tests.

Under these conditions, it has been confirmed that the forthcoming test flights will be delayed (cf AIR ET COSMOS no 826). The next firing (L03) is in principle planned for the second half of February 1981--with two satellites carried free of charge: APPLE (Inde) and METEROSTAT 2 (ESA). The fourth and last flight test firing (L04) --if everything goes all right--is henceforth postponed to May 1981. It too will carry a satellite, the MARECS-A (ESA).

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COUNTRY SECTION

FRANCE

NEW DETAILS ON SHORT RANGE MISSILE PROVIDED

Paris AIR & COSMOS in French 27 Sep 80 p 41

[Article by Pierre Langereux]

[Text] The SAT infrared selfguidance system will be mounted on the new ground-to-air short range SATCP missile. It will represent half the value of the missile, according to SAT officials. It is one of the most delicate and sophisticated elements. The SAT's solution proposed in 1977 for the SATCP program was readily accepted as the best solution to the problem, and mass production is planned for 1986. Thus, for 2 years SAT has been entrusted with development of key elements identified by SAT itself or by French subcontractors. A model has also been assembled and successfully tested.

All firms competing (Matra, Aerospatiale, Thomson-Brandt) for the contract to build the missile and the SATCP armament system, proposed the SAT selfguidance system as an initial solution.

30,000 Missiles

SAT will assume almost half of the total industrial load in the SATCP project conducted by Matra. SAT also disclosed that the final production cost of building of 30,000 missiles could reach 4 billion FF.

SATCP's powder propelling device will be manufactured by SEP and fuel (propergol) will be supplied by SNPE.

SAT is the leading European specialist for military applications of infrared missile guidance systems for airplanes, helicopters, and tank equipment. In its Paris and Poitiers plants SAT is already producing infrared selfguiders perfected for air-to-air missiles, the Matra 530 and 550 "Magic," and for the new air-to-air missile, "Magic 2," an improved version of the Magic missile.

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COUNTRY SECTION

FRANCE

ROLE OF NATIONAL DEFENSE IN NATION'S ECONOMY VIEWED

Paris AIR & COSMOS in French 4 Oct 80 p 11

[Passages between slantline printed in boldface]

[Text] Under the title "Economic Data on Military Expenditures," the Defense Minister has just published a brochure of which /Yvon Bourges,/ minister of defense, writes on the introductory page that "its aim is to make people aware of the place defense occupies in the French economy."

Our readers will find here a synthesis of the main points developed in the brochure's 12 chapters.

/Priority Granted Defense/ has resulted in an increased financial effort which is clearly visible in the budgets adopted since 1976. Expressed in constant franc value, the defense budget has risen from 50 billion francs [BF] in 1976 to 53.8 BF in 1977; 56.9 BF in 1978; 58.8 BF in 1979; 60.8 BF in 1980. This represents an increase of 21.6 percent in 5 years. On the basis of budgets expressed in present day franc value, the increase was 77.2 percent.

The /share/ of the /French military budget/ in the gross domestic product (GDP) remained constant (at 3.9 percent) in 1977, 1978 and 1979. In the United States, during the same time, this share fell from 5.3 percent to 5.1 percent then 5.2 percent; in Great Britain, the share was successively 4.8 percent; 4.7 percent; 4.8 percent. In Federal Republic of Germany it was 3.4 percent; 3.4 percent; 3.3 percent.

The /equipment expenditure share/ in the French defense budget rose from 41 percent in 1977 to 45 percent in 1980. This progression came quicker than planned, since, according to the planning law covering the 1977-1982 period, equipment expenditures in 1980 were to have represented 44.5 percent of the over 11 budget total. In the draft budget for 1981, the share of equipment expenditures will rise to 46 percent.

The /studies share/ in the defense budget rose from 9.9 percent in 1977 to 13.0 percent in 1980; in the equipment expenditures (Titles V and VI) of the defense budget, the studies share rose during this same time from 24.8 percent to 27.6 percent. The manufacture share rose during the same time from 17.0 percent to 18.8 percent.

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In the national research effort, the share of military research rose from 32.1 percent in 1977 to 39 percent in 1979.

In the 1980 budget, the breakdown of research credits by sector is as follows:

--/research/ and /on-going studies/: 27.5 percent for electronics, 27 percent for ground and naval equipment plus arms and munitions; 20.3 percent for nuclear research; 13.6 percent for missiles and 11.6 percent for aeronautics.

--/development/: 26.9 percent for electronics; 24.2 percent for missiles; 19.8 percent for nuclear development; 16.7 percent for aeronautics and 12.4 percent for ground and naval equipment plus arms and munitions;

--or, overall: 27 percent for electronics; 21.8 percent for missiles; 20 percent for nuclear research and development; 15.7 percent for ground and naval equipment; 15.5 percent for aeronautics.

/Military contracts/ represented, in 1977, 41 percent of State contracts. They covered, in particular, almost all contracts signed in "aeronautic and space construction." This was the same case in 1978, 1979, and will be the same in 1980. In defense contracts, the largest sectors in 1977 were: aeronautic and space construction (38.5 percent of military contracts); electric, electronic, telecommunications and data processing: 12.7 percent of which 10.6 percent for electric and electronic equipment alone; study and research: 9.74 percent.

The /French weapons industry/ employs 287,000 people, 80,000 in the aeronautic sector and 42,000 in the electronic sector. One hundred and fifteen thousand people work in the Paris region.

/Weapons expenditures/ which cover the essential part of equipment expenditures (Title V) and planned equipment maintenance expenditures (Title III) represent 43.5 percent of the defense budget for 1980. These expenditures are broken down as follows: 71.4 percent for manufacture and planned maintenance; 28.6 percent for studies. From 1976 to 1980, the total amount of program authorizations opened for studies and research doubled; 72.3 percent of studies credits and manufacture credits go to the industrial sector.

The /private industry share/ in the HT turnover the arms industry in 1978 represented 46 percent; 18.8 billion francs. In 1978, the share of weaponry (France plus exports) in the turnover of aeronautic companies was as follows: Dassault-Breguet, 91 percent; SNECMA, 83 percent; Aerospatial, 70 percent; SEP, 60 percent; Matra, 59 percent; Turbomeca, 53 percent.

The /military orders share/ in the electronics and airspace industries in 1978 was as follows:

--the /electronics industry/: 58 percent of HT turnover (9.6 billion francs) of which more than half for exports;

--the /airspace industry/: 74 percent of HT turnover (24.225 BF) of which 3/5ths were for export.

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In /certain French departments/--which are obviously not located in the North or East for historical reasons--the place occupied by the arms industry in the active industrial population is very large: the Var (11,290 people out of 46,360, or one-fourth); the Cher (8,200 people out of 40,660, or one-fifth); the same for the Hautes-Pyrenees (3,730 people out of 20,100).

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COUNTRY SECTION

FRANCE

DRAFT DEFENSE BUDGET FOR 1981 DISCUSSED

Paris AIR & COSMOS in French 8 Oct 80 pp 12-13

[Article by Jean de Galard: "The 1981 Defense Budget Bill, Part II"]

[Text] We continue our review of the 1981 Defense Budget Bill which Mr Yvon Bourges, at that time defense minister, commented on in talking to the press on Thursday, 2 October, and which Mr Joel Le Theule, the new defense minister, will plead for in addressing the deputies in the National Assembly on Thursday 23 October.

The vast volumes of money involved in the budget bill, broken down by titles and sections, were published in the form of tables in No 829 of this publication. We will now analyze the budget by sections.

Nuclear Forces in 1981 Budget

The 1981 defense budget confirms the priority assigned since the passage of the 1976 Planning Law to the development and modernization of France's strategic and tactical nuclear forces.

In financial terms, this effort looks as follows:

In comparison to the overall military budget, looking at all of the funds earmarked for the equipment and operation of nuclear forces;

In comparison to the equipment budget alone (Title V), considering the "hard core" of nuclear funds, that is to say, those intended for research and development on nuclear programs.

During the voting on the planning law, it was indicated that, in spite of the priority assigned to them and in spite of the constant annual increase in funds provided for this purpose, total nuclear expenditures would decrease in the military budget from 16.8 percent in 1977 to 15.7 percent in 1982.

In point of fact, however, the evolution was exactly the opposite, considering especially the new decisions made after 1976: commissioning of the fourth lot of M-20 missiles, launching of a sixth SSBN, etc. Their share today comes to 19 percent as against the anticipated 15.8 percent.

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## Development of Nuclear Expenditures (%)

	1977	1978	1979	1980	1981	1982
Provided for						
during the debate	16.8	16.3	16.2	15.8	15.8	15.7
Implemented	16.6	17	18.1	19.15	18.98	--

As for funds allocated for nuclear programs, they grew 26.20 percent in terms of program authorizations and they went 15.19 percent in terms of disbursement funds; their share has leveled off at 30 percent of the equipment budget in terms of disbursement funds and more than one-quarter (925.92 percent) in terms of program authorizations.

Under Title V of the General Section of the Budget Bill we have the following program authorizations in particular:

Research and production, by the French AEC and the armed forces, in the field of nuclear armaments: F4,480 million;

Continuation of ballistic missile research and manufacturing programs: F5,755 millions;

Continuation of tactical nuclear armament program implementation: F865 million;

FNS [French Strategic Force] powder investments (government participation in concentration work done by SNPE [National Propellants and Explosives Company]): F25 million;

Special studies by the directorate of the nuclear experimentation center: F1,423 million.

## Funding for "Air" Section

These funds must make it possible:

To maintain the operations of combat pilots at a satisfactory level (15 hours per month) at a very great increase in fuel costs (up 80.6 percent); to continue the effort made regarding the replacement of combat aircraft (order for 22 Mirage 2000 and 21 Mirage F1 aircraft) and modernization of the transport fleet (order for five Transall, new generation);

To develop the low-altitude detection and defense capabilities (Centaure and Aladin radars) as well as protection of bases against air threats (Crotale system and 20-mm guns),

One of the major objectives of the 1976 planning law was the maintenance, in the Air Force, of a fleet of about 450 combat aircraft which can engage the most modern aircraft in service abroad.

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To retain this potential, to make up for losses due to attrition or aging and the progressive removal from the inventory of the Mirage III aircraft during the years to come, orders should each year include about 640 aircraft. As a matter of fact, for 1981, it is expected that 43 combat aircraft will be ordered. These orders total 48 Mirage 2000 and 246 Mirage F1 aircraft, in both of these categories.

The effort aimed at the replacement of combat aircraft is also paralleled by an effort to renew their armament and their ECM equipment.

The 110 Super-530 missiles ordered in 1981 will bring the number of those missiles ordered for the Mirage F1 aircraft to 450. New munitions have also been ordered in 1981, such as runway destruction bombs, grenade-launching bombs, while the (laser) precision-guidance system will enter its series production phase with an order for the first 15 ATLIS pods.

Parallel to that, we are continuing the industrial production of the Magic 2 missile, while the 1,545 Magic 1 will all be delivered by the end of 1980.

To complete the high-altitude and medium-altitude coverage of France, the 1976 planning law provides for the development of low-altitude detection and defense capabilities.

Looking at low-altitude detection, the Centaure and Aladin radars constitute one of the means that best meet this need. The first orders were placed in 1978 for the Centaure radars and in 1980 for the Aladin radars.

Deliveries of Centaure radars will come between 1981 and 1984 while those of Aladin will be made between 1983 and 1986.

In order to increase the low-altitude detection capability, the Air Force also would like to have airborne radars. It is currently going through a technical evaluation of an airborne surveillance aircraft.

In the matter of low-altitude interception, the Mirage 2000 program combined with the Super 530 F1 missile, will, starting in 1984, provide an all-weather low-altitude interception capacity.

Finally, the 1976 planning law stressed the continued effort of the Air Force to protect its equipment and installations against the air threat.

The 1981 budget bill once again expresses the continuation of this effort from two aspects--active defense and passive protection.

The continuation of the program for equipping the bases with AA artillery is expressed by the emplacement of the Crotale weapons system (24 sections have been ordered; the last deliveries will be made in 1982; out of the 1981 budget, it is expected that we will be able to order 200 supplementary

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Crotale missiles), through the speedup of orders for 20-mm twin-barrel AA guns (56 mounts ordered under the 1981 budget, which would give us a total of 216 orders). By the end of 1981, the Air Force should have more than 100 mounts.

On the other hand, it is also the objective of the Air Force to protect 75 percent of its combat aircraft. As of 1982, it should have 200 shelters.

A personnel shelter construction program was begun in 1980. It should make it possible to equip between 3 and 4 bases per year and should be continued over the next 4-5 years. Parallel to this, three bases per year will be equipped with underground battle CPs. This program was launched in 1980.

Finally, the Air Force is actively pursuing the efforts to camouflage air bases.

The objective will be attained to the extent of 75 percent in 1981.

Under Title V of the Air Section, 1980 defense budget bill, we find in particular fund authorizations for the following programs:

Research and development on air force material: F2,096 million;

Research and development on military electronic equipment: F235 million;

Missile research and development: F276 million, broken down as follows: F46 million for the air-to-ground laser; F60 million for Magic 2; F125 million for the Super 530 D; F45 million for SATCP;

Production and purchase of missiles: F21 million for Magic 1; F20 million for Magic 2; F273 million for Super 530 F1; F30 million for AS,30 laser;

Production of air equipment: F11,063 million, or F396 million for Crotale systems, F1,850 million for spare parts and F8,817 million for aircraft, broken down as follows: F120 million for simulators; F104 million for twin-engine trainers; F127 million for Epsilon; F190 million for Jaguar aircraft; F2,533 million for Mirage F1; F640 million for Alpha Jet aircraft; F920 million for Transall NG; F3,730 million for Mirage 2000; F9 million for light helicopters; F444 million for miscellaneous material;

Construction projects and installations: F759 million.

Funding for Navy Section

Under Title V of this section we find in particular the following program authorizations:

Aeronautical research and development: F428 million, including F23.5 million for airborne submarine detection equipment;

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Missile development: F202.5 million, broken down as follows: F5 million for the improvement of the naval version of Crotale; F184.5 million for the SM-39; F4 million for the improvement of the MM-38; F8 million for future naval surface-to-surface [missiles]; F1 million for the AM-39;

Series-produced aircraft for the Naval Air Arm: F561 million, including F111 million for Super Etendard; F98 million for WG.13; F11 million for trainers; F45 million for aircraft intended for overseas employment; F126 million for Atlantic NG; F31 million for light helicopters;

Strategic Ocean Force: F2,754 million, broken down as follows: F921 million for the construction of SSBN; F271.15 million for environment (including M4); F403 million for the conversion of SSBNs and Gymnote to M4 [missiles]; F805 million for the maintenance of equipment in operational condition; F354 million for renovation;

Manufacture of munitions and missiles: F991 million, including F84 million for Masurca and F35 million for Malafon; F58 million MM-38; F26 million for the naval version of Crotale; F48 million for AM-39; F24 million for Magic; F70 million for the model 39 ground-to-sea missile.

The National Gendarmerie (Title V) has been given a program authorization of F5 million for the purchase of one light helicopter.

1981 Budget: Reporting Officials and Review in Committee

The special reporting officials of the Finance Committee, National Assembly, concerning the 1981 finance law bill, were designated as follows:

Defense budget, general considerations, SGDN [General Secretariat for National Defense], and capital expenditures: Jacques Cressard. Regular gasoline expenditures: Andre Rossi. The special reporting officers for the budgets of the five sections will be appointed later on.

Transportation budget, civil aviation and meteorology: Pierre Bas.

Research budget (advisory services of the premier): Jean-Pierre Chevenement.

The reporting officers of committees informed for the purpose of giving their opinions are as follows:

Defense budget, general considerations, SGDN, capital expenditures: Pierre Mauger and Guy Cabanel. Regular expenditures and gasoline [POL]: Jean-Pierre Bechter and Pierre Mauger. General section: Pierre Mauger. Air Section: Loic Bouvard. Ground forces section: Jean Bozzi. Navy section: Raymond Tourrain. Gendarmerie section: Eugene Berest. All reporting officials are members of the National Defense and Armed Forces Committee.

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Transportation budget, civil aviation and meteorology: Claude Labbe  
(production and exchange committee).

The National Defense and Armed Forces Committee was to meet last Wednesday and Thursday to hear the reports from the reporting officers under Title III, for the Ground, Air, and Navy sections (Wednesday, 15 October); on Title V, General Section, the budget annex for gasoline [POL], SDN; the Gendarmerie Section (Thursday, 16 October).

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COUNTRY SECTION

FRANCE

FINANCE COMMITTEE REVIEWS DEFENSE BUDGET

Paris AIR & COSMOS in French 25 Oct 80 pp 12-13

[Unattributed article: "Finance Committee Reviews Defense Budget"]

[Text] Based on the report presented by Mr Jacques Cressard, the special reporting officer, the finance committee on 7 October 1980 examined the fund allocation for the Defense Ministry for 1981 (general considerations and Title V) as well as the funding for the Secretariat-General of National Defense.

Mr Jacques Cressard indicated that the effort made regarding funding for the Defense Ministry was undeniable since those funds, amounting to F123.2 billion, constitute (apart from ordinary expenditures) the major budget volume provided by the government; he reported an increase of 16.9 percent as against 16.4 percent for the government budget as such.

The budget for the Defense Ministry, which takes up 4 percent of the [gross] domestic output, in the light of earlier years, is the highest military budget in Western Europe, together with that of the FRG.

Except for retirement pay, the budget comes to F104.4 billion. Its increase amount to 17.87 percent. In terms of planning structure, the allocations are distributed as follows:

F31.8 billion for the Ground Forces, in other words, 16.97 percent;

F22.8 billion for the Air Force, up 20.15 percent;

F20.9 billion in the General Section, up 14.58 percent;

F19.1 billion for the Navy, up 21.25 percent;

F9.7 billion for the Gendarmerie, up 16.28 percent.

Mr Jacques Cressard noted that, in spite of the undeniable effort behind them, the military fund allocations proposed for 1981 nevertheless are running into certain limitations. It is important to underscore in this

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respect the fact that the Defense Ministry budget draft is subjected to modifications in terms of presentations which entail the risk of leading to a false analysis; on the one hand we have the entry of all of the budget estimates to account for the rise in pay previously listed under the general expenditure budget; on the other hand, we have the transfer of the amount for Ground Forces spare parts from Title III to Title V.

Apart from these reserves, the increase in the armed forces budget is only 17 percent.

Except for such transfers as they were, this growth is mostly to be found in regular expenditures amounting to F48.2 billion, an increase of 18.25 percent, rather than capital expenditures which amount to a hefty F46.7 billion and whose growth rate of 17.4 percent is identical to what it was in 1979 although it is down when compared to 1980. The fund authorizations for programs under titles V and VI, which came to F63.3 billion, went up 20.55 percent (24.62 percent in 1980).

Analyzing the Title V, Mr Jacques Cressard noted that with F32.4 billion in disbursement funds (up 18.43 percent) and F46.6 billion in program authorizations (up 20.55 percent), conventional equipment continues to get funding which is far from the most voluminous.

This year, priority was again given to production programs where disbursement funds went up 22.25 percent and program authorizations rose 20.04 percent; the Ground Forces have definite priority in terms of disbursement funds and the Navy can take care of the future development of its equipment with the help of the program allocations provided for.

Nuclear equipment will get F14.3 billion in disbursement funding (up 15.19 percent) and F16.6 billion in program authorizations (up 26.18 percent); nuclear programs now in progress are being continued normally and the evolution of allocations shows that it is improbable that 30 percent of the capital expenditures will in the future be set aside for nuclear equipment.

With relation to the planning law, the objectives have been approached without however having been totally attained;

Although the share of military funds out of the gross domestic commodity output practically went up 0.09 percent, as the administration had committed itself in 1979, this growth, though undesirable, only came to 0.06 percent;

The funds proposed for 1981 are nominally greater than the estimates made in 1976 but do not totally cover a monetary erosion whose effect can be estimated for the 1981 budget at about F10 billion;

The respective portions initially allocated to the various sections were not in any way shaken up but did have to be modified to the benefit of the "General" and "Navy" sections.

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Although they are being carried out, the major conventional programs nevertheless were spread out somewhat in terms of time.

Title V, which was to account for 46 percent of the military funds in 1981, now only comes to 44.8 percent (45.4 percent, other than reserves);

Force training is in keeping with objectives regarding the Army but not regarding the Navy.

Analyzing fund allocations from the viewpoint of the program budget essentially confirms the earlier observations:

With F19.8 billion in 1981, the nuclear forces were increased 16.8 percent and their share in the armed forces continues to decline although the future of the various components has not yet been definitely decided;

With F56.6 billion in 1981, and more than 54 percent of the allocations, the conventional forces continue to be subjected to a number of uncertainties: the slow process of equipping of the Army; delay in the Mirage 2000 program, absence of any military air transport beyond [a radius] of 5,000 km; insufficient tonnage ordered to as to preserve a fleet of 30,000 t beyond 1990.

The main emphasis in military funding within the government budget is such that the Finance Committee cannot fail to be unaware of the effects of all this on economic activities. Those effects will be favorable in 1981. However, interactions between military expenditures and economic activity is little known, besides, exports of military equipment--whose volume does not even come up to 5 percent of France's total exports--introduce a phenomenon of precariousness in the French armament industry which must be taken into account. During the discussion following this presentation, Mr Jean-Pierre Cheyennement noted that the increase in military funding was not as great as had been indicated in the government declarations, that the effort in support of the nuclear deterrent force tended to diminish to the benefit of conventional weapons which themselves have been delayed. He deplored the insufficiency of information communicated to Parliament since the president of the republic since 1975 has been able to decide the pursuit of research on the "neutron" weapon without parliament being able to say anything about the corresponding fund allocations, since the adoption of such a weapon would reverse the order of priority.

Mr Jacques Cressard presented five observations pertaining to the following: the modification of structures in the Defense Ministry budget; the growth of military fund allocations for the objectives of the planning law; the guidelines concerning the nuclear strategic forces; the uncertainties characterizing the conventional forces in spite of the budget priority assigned to them; the absence of information on interaction between economic activities and the defense effort.

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The Committee then adopted an amendment of Mr Jacques Cressard which reduces military capital expenditures by the amount of civil defense allocations which are included here as the result of a mistaken entry (F46 million in program authorizations and F31 million in disbursement funds).

It then adopted Article 16 of the finance bill (capital expenditures for military services), as amended.

Regarding the report by Mr Andre Rossi, special reporting officer, the Committee then examined the regular expenditures of the Defense Ministry and the attached budget for fuel.

It noted that the F104.4 billion allocated to the armed forces came to more than the estimates in the planning and that Title III accounted for only 54.3 percent of military funds as against 55 percent in 1979, even though one must keep in mind the transfers which have taken place in the meantime and the usual gaps between estimates and actual figures.

With a constant budget structure, Title III in the armed forces budget will come to F57.5 billion in 1981, thus increasing 18 percent, the increase except for fuel accounting for only 15.62 percent.

Mr Andre Rossi indicated that the activity level attained by the French armed forces in 1980 would be maintained in 1981 with the help of major increase in fuel allocations, since the estimated prices were used as basis for calculations that apparently were very optimistic.

He is worried about inadequacies regarding the maintenance of the surface fleet, the stockpiles of spare parts for the Air Force and Army which are sometimes in a critical state, and he stressed the broad range characterized by the increases in infrastructure maintenance funding.

After a lengthy debate, the Commission adopted the funds under Title III of the Defense Budget, as well as the Budget Annex for Fuel.

Funding for Ground Forces Section

Under Title V of this section we find in particular authorization for the following programs:

Hawk research and development: F1 million; Roland: F18 million; SATCP: F37 million;

Production of SA.330 Puma: F115.4 million; of SA.341 and SA.342: F232.95 million; flight trainers: F75.95 million; Hawk missile: F60 million; Roland missiles: F401.085 million; CL-89 RPVs: F3 million; equipment for AA missiles: F1,194 million.

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FRANCE

COORDINATION OF ASW OPERATIONS EXPLAINED

Paris ARMEES D'AUJOURD'HUI in French Sep 80 pp 54-55

[Article by Commander Michel d'Oleon\*]

[Text] "All forces are weak, unless united."--La Fontaine.

Detection of objects underwater; recognition, among many false detections, of the echo from a real submarine; determination of the relative position of that submarine with respect to the chaser, with sufficient accuracy to enable an effective attack: these are the tasks of ASW [antisubmarine warfare]. But even to deter, to discourage the enemy submarine from accomplishing its assigned mission is already a considerable achievement.

Our current conception of this form of warfare consists of combining the action capabilities of different units--surface ships, planes, helicopters, and even submarines--to complement and thus reinforce each other.

The ASW Team

The chances of success of an ASW team thus constituted are immeasurably greater than those of any one of the units operating alone.

The principal factors to be considered are:

--Speed, hence mobility; and cruising range, hence duration in the zone;

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\* Commander Michel d'Oleon entered the Naval Academy in 1955. After graduating from the ASW School, Surface Branch, and then from the War College, he commanded the patrol boat "Altair" and the fast destroyer "Le Picard." After heading the ASW Branch of the Operations Division of the Admiralty, he now commands the 3rd Destroyer Division and the "d'Estienne d'Orves."

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--The detection system. Some systems, by emitting waves, alert the enemy, owing to their lack of secrecy; but their performance is not dependent on emissions by the enemy. Other systems, called passive systems, collect sounds emitted by the enemy. Their secrecy represents a lurking menace to the submarine, depriving it of freedom of maneuver; on the other hand, its performance is sensitive to the behavior of the target.

--The invulnerability of aircraft, for the time being untouchable by the submarine's weapons, makes them the choice to deliver the initial attack; surface ships, with their much larger stock of munitions, carry on the attack over the longer period.

#### The Method

The method has many points in common with hunting. All comparisons have their limits, of course, and this one must not be taken literally: The submarine is not a stag; but it does rather resemble a solitary animal, capable of inflicting immense damage, exposed to a coalition--the ASW team--each member of which fulfills a definite function and the joint efforts of which will defeat it. The team will make every effort to complicate the isolated submarine's problem, perturb its maneuvers, using against it many and varied weapons, allowing it no respite whatever.

The submarine's attitude is of primary importance. The strategic submarine lying in wait on the ocean floor, ready to launch the nuclear response, can elude all the forces it encounters. ASW units have virtually no hope of discovering it, owing to the immensity of its oceanic refuge. On the other hand, the submarine whose mission it is to destroy naval forces or merchant shipping is compelled to expose itself to contact, first during deployment toward the zones where it will seek its prey, then as it positions itself to attack it.

Lastly, let us consider the environment. ASW action finds its full expression during open hostilities; its ultimate objective is then clear: to destroy the submarine. But let us hasten to say that detections, hence opportunities to attack, are fleeting and must be promptly exploited. Our forces must endure long periods of tedious watching, rarely broken by moments of intensive action. Under normal circumstances and in times of crisis, activity is mostly confined to surveillance of the movements of enemy submarines to evaluate their actions and carry out prolonged tracking of certain of them to prevent them from operating at their own convenience in our waters. Tracking operations, in which our units maintain contact with an unidentified submarine for hours, even days, on end, contrasts totally with lightning rapidity of ASW actions in time of war.

#### The Execution

Surveillance operations seek to surprise a submarine navigating in waters of interest to us. The first member of the ASW team to go into action is

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the sea patrol plane, the Atlantic. Its mobility enables it to reach the search zone rapidly and to cover a vast area. It uses its radar to detect any possible traces of the submarine at the surface and drops acoustic buoys into the water which it then uses to pick up any sounds emanating from its target: the diesel engines of a conventional snorkel-type submarine or the engines of a nuclear-propelled submarine moving at high speed. Its limited cruising range, however, makes reinforcements necessary. A helicopter, such as the Lynx WG 13 carried by Tourville-class ASW frigates and Georges-Leygues-class corvettes, arrives to relieve the plane upon contact and await the arrival of the slower destroyers.

The destroyers thereupon pick up the tracking and pursue it patiently and obstinately as long as necessary, with the aid of the plane and its detector of magnetic abnormalities, and of the sonar that has been dropped into the water by the helicopter, to abort the attempts of the submarine to break contact.

In a mobile defense operation, the ASW team provides protection for a naval force or for merchant ships against submarines. In this case, the complementary characteristics of its various components are designed to carry out a defense in depth, against successive targets, and to deal with all types of attackers that may attempt to approach to within their own weapons' range of the jealously guarded ship or ships.

The Atlantic, using its radar within the limited spread of possible routes, will perturb the approach of a diesel-electric submarine; or its passive acoustic buoys will detect a nuclear submarine closing in on its target.

Destroyers are armed with a varied array of weapons, the common object of which is to compel the submarine to switch from an offensive to a defensive attitude. They will strive to interfere with the submarine's assessment of the situation, to jam its sensing equipment; they will burden its operations with the risk of detection; or they can try a diversionary tactic to draw it away from the target it seeks.

The dual-role Lynx is capable of substituting for the plane or of complementing the ships' detection systems by filling in the gaps in those systems with its own sonar, thus adding an element of surprise, since the submarine is unable to follow its movements. It can carry out an attack at long distances from its carrier ship.

#### Coordination the Key to Success

The requisite condition for the ASW team's success is that the efforts of each of its members be additive. To achieve this, the team command must coordinate these efforts, an ongoing task at every instant that

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calls for specialized means. The head, the maritime theater commander in the case of surveillance operations, the tactical commander at sea in guard operations, assesses first of all the capabilities of his units. After he has worked out his maneuvering plan, reliable and fast means of communication must transmit his directives, carry back to him the indispensable data to keep him informed, and transmit further orders arising from the development of the action.

Since the performance of the units, of their detection equipment and of their weapons is highly sensitive to both the environment and the course of operations, modern calculating equipment contributes an invaluable aid to the resolution of this capital problem of coordination.

It is indeed probable that the latter approach to this problem will, in the future, yield the greatest returns in the ASW line of advance.

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COUNTRY SECTION

FRANCE

ASW TECHNIQUES IN COASTAL WATERS EXPLAINED

Paris ARMEES D'AUJOURD'HUI in French Sep 80 pp 60-61

[Article by Commander Eric Escoubet\*: "Mare Nostrum"]

[Text] In the western Mediterranean basin, the zones of shallow depths occupy a very small area. On the other hand, beyond the Atlantic coasts, the continental shelf slopes very gradually down to a depth of 200 meters, then drops very rapidly to depths of several thousand meters.

For the Western European nations, these shallow depths are part of an economic zone that includes the fishing industry, exploitation of the ocean floor (oil), and above all the maritime shipping that is especially necessary to supply us with our energy needs. These are also the zones transited by our strategic nuclear submarines when they depart for and return from their missions. The coastal nations must safeguard these waters. This task is rendered difficult by the unfavorable characteristics of the ocean environment and by the oceanic expanse that will not remain the new "mare nostrum" except at the price of constantly renewed conquest.

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\* Commander Eric Escoubet entered the Naval Academy in 1958. He is a licenced airline pilot and a helicopter pilot on types Alouette, HSS 1 ASW, and Super-Frelon. Having been assigned over a period of 10 years to various helicopter formations, he has served aboard many ships in the metropole and overseas. After graduating from the War College (1974-1976), he served on the admiralty staff of the ALPA [Aircraft Carriers and Embarked Air Squadrons] and on the Ban Lanveoc-Poulmic (CSO) [expansion unknown]. He is currently assigned to the Aero SC [expansion unknown] in charge of "helicopter" studies and as Lynx WG 13 specialist officer.

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Oceanic Environmental Characteristics at Shallow Depths

The ocean's shallow coastal waters are more perturbed than its deeper open waters, and:

--the waters are more loaded with sediments and wastes from various sources: vegetable, animal and---human (pollution!);

--the marine fauna is very dense;

--salinity of the water varies in the vicinity of the mouths of rivers;

--winds and tides produce very complex and variable currents near the shores;

--the water temperature variation as a function of depth (determined by bathythermograph) is more complex and unsteady.

Consequently, background noise is more intensive and sound propagation less reliable.

The means for detecting submerged submarines are based on two major principles, namely, the use of sound waves in active and passive modes and the measuring of variations in the earth's magnetic field in the vicinity of the submarine's metallic mass. Some of the sound waves emitted by sonars and acoustic buoys in the active mode are deflected downward to the ocean floor which can, depending on its nature or configuration, return them as echo very comparable to the echo from a submarine.

The shallowness of the seabed also renders more difficult the use of the MAD [Magnetic Anomaly Detector] by patrol planes and can give rise to a "magnetic signature" comparable to that of a submarine.

The unfavorable characteristics of the shallow coastal waters environment can be as constraining for submarines as for the units charged with detecting them. It must not be forgotten that the shallower the waters, the more the submarine loses its freedom of submerged maneuver and speed.

The Submarine Threat

The history of submarine wars has demonstrated that submarines were capable of penetrating very shallow waters when the object of their mission justified the risks of such an operation. Submarine "packs" were able to concentrate their efforts at points where a maximum of Allied interests were concentrated, like the southern Irish Sea and the entrance to the English Channel or the North Sea.

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The mode of action of a submarine may be one of the following:

--attack on objectives using environmental-change missiles fired from a submerged position; the striking range can be quite distant (20 to 30 nautical miles) but the launching of this weapon is very unquiet;

--attack on objectives using wire-guided torpedoes with a range up to around 15,000 meters; this mode of attack is very accurate and much more quiet than the preceding one;

--attack using conventional torpedoes with a much shorter range than the preceding ones, which thus compel the submarine to take greater risks;

--lastly, mooring of mines designed to destroy surface ships selectively (large ships only) or nonselectively. This mode of action is much more silent and can bring about a major disruption of shipping. There is no doubt that the use of mines, the specific weapon for shallow waters, can be counted to occupy first place among the modes of action by a hostile nation.

The ASW Coastal Forces

Our ocean-going ASW [antisubmarine warfare] ships are designed to provide the necessary depth to our antisubmarine capability. In fact, everything must be done to detect, harass and destroy those submarines while they are still in transit.

The detection equipment and ASW weapons of those forces are nevertheless entirely suited to shallow waters ASW actions in a very large part of the zones of interest to us. "Shallow depths" capability is in fact incorporated in all ASW weapons used by our Navy.

To ensure a certain permanence to our "home" ASW activity, our Navy has coastal ASW forces distributed as follows on the Atlantic side:

--at least half of the 17 Aviso A 69's in service or planned will be assigned to the Atlantic Flotilla (Brest) and Northern Flotilla (Cherbourg);

--the Breguet 1050 Alize planes of Flotilla 4 F at Lorient-Lann Bihoue;

--heavy ASW helicopters Super-Frelon SA 321 of Flotilla 32 F at Brest/Lanveoc-Poulmic;

--light ASW helicopters Lynx WG 13 of the Flotillas 34 F and 35 F at Brest/Lanveoc-Poulmic.

The principal characteristics of these ASW units are summarized in the following chart.

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## Principal Characteristics of ASW Units

Type	Maximum speed (knots)	Cruising range	ASW Detection equipment	ASW Weapons
Aviso A 69	24	15 days	MF sonar DUBA 25	L 3 or L 5 torpedoes 375-mm torpedoes
Alize	240	4 hrs 45 min	Active buoys	MK 44 or L4 torpedoes or MK54 depth charges
Super Frelon	140	3 hrs 30 min	MF sonar DUAV 3	MK 44 or 46 torpedoes or MK 54 depth charges
Lynx	135	1 hr 30 min	MF sonar DUAV 4	MK 44 or 46 torpedoes or MK 54 depth charges

The Aviso A 69, of recent design, is very well suited to shallow-waters ASW and will be further improved in the future.

The Alizes of Flotilla F 4 will maintain an ASW capability until the end of the decade.

The Super Frelons make front page newspaper headlines regularly because of the effectiveness of their public service missions, and it could be forgotten that their principal mission, at the Brittany tip, is ASW activity, for which they are constantly groomed. Their ASW weapons system has never stopped being improved since they were put into service, and they will continue in service until beyond 1990.

The Lynx is designed to be embarked on ASW frigates and corvettes, as well as on Jeanne d'Arc-class helicopters. Besides their deployment on these ships, their land-based ASW action capabilities are also interesting.

Lastly, mention must not be omitted regarding mine warfare, which can also be used against submarines. The extent of waters over which we seek to safeguard control is vast, and we cannot expect to maintain a presence of our units at all times and at all points throughout the zone. On the other hand, many sectors can be denied to submarines by the sowing of

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minefields having specially designed attraction characteristics. This can be done with priority being given to those sectors where we know that submarine detection conditions are unfavorable.

Outlook

Shallow waters ASW is intractable and hard work. It requires a great deal of faith and perseverance on the part of those who perform it as well as constant improvement of the organizations and means assigned to it.

Studies in progress permit us to foresee the design of permanent passive and semi-active detections throughout the zone, the final installation and operation of which would constitute an addition of prime importance to our control of these waters.

The rearguard combat role assigned to our coastal waters ASW units in our overall ASW strategy could then be undertaken with excellent chances of success.

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COUNTRY SECTION

FRANCE

COMMITTEES EXAMINE 1981 TRANSPORTATION BUDGET

Paris AIR & COSMOS in French 25 Oct 80 p 13

[Unattributed article: "Committees Review 1981 Transportation Budget"]

[Text] On Thursday, 9 October, and Friday, 10 October 1980, the Production and Trade Committee and the Finance, General Economy, and Planning Committee of the National Assembly in succession examined the transportation budget fund allocations for 1981 (especially for civil aviation).

Addressing the members of the Production and Trade Committee, Transportation Minister Daniel Hoeffel reviewed the five transportation budget priorities: improving safety, an essential public-service mission of the Transportation Ministry; developing the transportation infrastructures necessary for national and regional economic activities and strengthening their maintenance; keeping up with development or sustaining the activities of enterprises by giving them the means to increase their competitive capabilities; seeing to the supervision of public enterprises under satisfactory conditions for them and for the government; actively participating in the national energy savings effort by making this one of the criteria in the choice of investments.

Mr Claude Labbe, reporting officer for civil aviation funding, called the minister's attention to the both national and international character of air transport (and of aircraft construction) which, in many ways, distinguishes them from other sectors of the transportation industry. Thus the idea of dropping service to Caracas using Concorde aircraft for reasons of financial balance was rejected by the administration because that abandonment could have threatened France's political and economic relations with Venezuela, something which was considerably more important. As for exports of aviation equipment, these helped strengthen the image of France in addition to earning foreign exchange for the country.

Next he was worried about the fate of the student pilots at the end of their training cycle at the National Civil Aviation School because their future careers will be rather strangely blocked. He expressed the desire to have the companies reconsider their negative decisions regarding the third crew member on certain aircraft.

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Answering the reporting officer, the minister in particular indicated that the airline companies currently have greatly reduced their recruiting so that in October 1980 about 60 student pilots will be unemployed.

The administration, Mr Daniel Hoeffel added, reviewed ways of making sure of the future of these young persons with their high qualifications.

Mr Alex Raymond believed that the number of jobs created for the position of air traffic controller was insufficient but the minister indicated that the effort in this field was important because one must keep in mind here the funds allocated for the completion and placement in service of the Reims traffic control center in 1982.

The same speaker expressed astonishment over the rather poor funding for the Bi CFM 56 aircraft in 1981; in reply, Mr Hoeffel indicated that no decision had been contemplated regarding this aircraft in the months to come.

The Finance Committee met under the chairmanship of Mr Alain Bonnet, the senior chairman, since Mr Jacques Feron, vice chairman, had reviewed the civil aviation funds.

Mr Pierre Bas, special reporting officer, underscored the strictness in the civil aviation budget for 1981 where only air navigation gets the benefit of a major effort both regarding personnel expenditures (creation of 90 jobs) and operating and equipment expenditures. As for the rest, the funds intended for aircraft construction programs are progressing moderately while the others are stagnating or declining.

The special reporting officer then mentioned several special problems.

In the matter of air transport, French companies are suffering from the deterioration of economic conditions in worldwide traffic and the "de-regulation" policy pursued by the United States; during the first half of 1980, the traffic volume of Air France dropped while that of UTA [Air Transport Union] went up on 4.5 percent; Air Inter progressed 14 percent. The intentions of the government regarding government relations with these two major companies and the organization of regional air transport are worth defining further. The expansion of Charles de Gaulle Air Terminal should be paralleled by a better distribution of companies among the two areas currently in service--something which presently is a disadvantage to Air France. The official name of the airport should be retained.

Regarding the area of aircraft construction, two major programs take up most of the funds although the increase is rather moderate here (up 9.4 percent in program authorizations).

On the one hand, there is the Airbus for which 411 orders have been placed (Editor's note: as of this date, the number has gone up to 424); this is rather encouraging but the output rate is insufficient and the assortment of models should be diversified;

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On the other hand, there is the CFM-56 engine.

The reporting officer noted that the Concorde program has reached its end; the remaining five aircraft have now been made available to the companies concerned and the benefit deriving from that operation goes far beyond considerations of a financial nature.

Mr Alain Bonnet expressed regret over the decline in investment funding and hoped for an increase in aid earmarked for the small regional feeder lines.

Following the response by Mr Pierre Bas, the Committee adopted five observations concerning the following: the administration's intentions regarding the organization of national and regional air transport; the distribution of traffic at the Paris airport between Orly and Charles de Gaulle; the insufficient Airbus output rates; the future of the CFM-56 engine; and the enlargement of the assortment covered by the Airbus program.

The Committee then adopted the civil aviation fund allocations.

Continuing its work, it examined the funding anticipated for 1981 regarding questions of environment. Out of the seven observations which it adopted on the subject of these funds, one concerns the development of the noise control policy, while another one deals with the flight of supersonic aircraft above the sea.

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COUNTRY SECTION

FRANCE

NATION'S POSITION ON AIR TRANSPORT MATTERS OUTLINED

Paris AIR & COSMOS in French 27 Sep 80 p 34

[Text] Robert Esperou, head of the air transport section for civilian aviation, spoke about the situation of international air transport and France's position during a 17 September meeting of the Cercles des Relations Publiques de l'Aeronautique et de l'Espace (Public Relations Association for Aeronautics and Space).

Esperou mentioned difficulties experienced by the world airlines. He suggested that the upper limits of flexibility had been reached for air transport, recalling the evolution of the industry and the ever-tougher competition with newcomers.

Esperou explained how the U.S. concepts of deregulating air transport shook up the U.S. airlines economically and how badly these proposals were received during the North-South dialogue. When confronted with American attempts to spread deregulation to the world, sovereign countries usually request negotiations. Thus, right, routes, prices and rules are negotiated bilaterally.

The goal for the U.S. is to conquer the international market. Their share of air transport was 37 percent in 1951, 24 percent in 1964 and 17 percent in 1979.

This U.S. policy is a challenge for middle-sized companies.

Esperou showed that the current U.S. position challenges the multilateral price system worked out by the IATA [International Air Transport Association], and also that scheduled transport is taking over transport based on demand. The system of bilateral discussions is also returning.

France's approach to these problems is essentially pragmatic, said Joel le Theule last July. But despite the fact that France does not go along with the U.S. position, it is ready to relax the application of some bilateral agreements, such as demonstrated by its position toward the U.S. and Great Britain. However, this approach does not eliminate difficulties, as shown by the French-Spanish negotiations.

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COUNTRY SECTION

FRANCE

SIX ARMED FORCES FILMS MADE AVAILABLE TO PUBLIC

Paris AIR & COSMOS in French 11 Oct 80 p 13

[Text] On 25 September the press and information service of the GIFAS [expansion unknown] presented six films it had financed, made by the ECPA [Film and Photography Facility of the Armed Forces], five of which were produced by the film maker, Francois Reichenbach. These six films, which are well worth seeing, are available in 16 and 35-mm versions; their projection time ranges between 21 and 26 minutes. They are entitled: "Weapons of the Sky" (military aircraft and helicopters produced by Dassault-Breguet and Aerospatiale); a short version of this, entitled "Skies of France," is also available, and lasts for 10 minutes; "When the Wings Move" (civilian and military helicopters produced by Aerospatiale with Turbomeca turbines); a 12-minute short version of this is entitled "A Day's Ballet"; "Power in the Sky" (SNECMA [Aircraft Engine Design and Development Company], Turbomeca, Microturbo); "Missiles and Rockets" (Aerospatiale and Matra); "Chemical Boosters" (SEP [European Propellant Company], SNPE [National Propellants and Explosives Company], Thomson-Brandt, SNECMA); this film concludes with the first liftoff (on 24 December 1979) of the Ariane launch vehicle; and finally, "A Solution in the Sky" (light aircraft, air travel, modern business planes); this film was made by Francis Pernet.

These films may be ordered from GIFAS, 6 Rue Galilee, 75782 Paris, Cedex 16. Three of them won awards at the business film festivals in Biarritz.

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COUNTRY SECTION

FRANCE

BRIEFS

PCF'S FINANCIAL STRAITS--On Monday [27 October] in L'HUMANITE, Gaston Plissonnier launched an appeal more or less to the more fortunate militants [of the PCF]. Addressing his appeal to the "20,000 members whose financial situation permits them to do so," he urged them to help put the Marchais campaign treasury in the black. Direct appeals by Plissonnier are rare. The situation is, therefore, probably pretty bad at PCF headquarters. The "20,000 families" of the PCF are mostly those of the intellectuals--and many of them are now dissidents. [Text] [Paris VALEURS ACTUELLES in French 3 Nov 80 p 23]

AID TO DJIBOUTI--In 1981, France will provide 144 million francs for the maintenance and equipping of the armed forces of Djibouti, where some 4,000 French troops are already stationed. This increase in French aid is being announced at the same time as the reinforcement of the French naval forces in the Indian Ocean. [Text] [Paris VALEURS ACTUELLES in French 3 Nov 80 p 23]

MARCH MILITARY MANEUVERS--Extensive military maneuvers will take place in March 1981 just 1 month before the presidential election. Baptized "Alpes 81" and under the command of General Wilfrid Boone Arbod Borssat de Laperouse, these maneuvers will require the calling up of large numbers of reserve troops to participate in both air and air-ground actions along the alpine borders and in the Rhone valley, as well as amphibious maneuvers along the coast. These maneuvers were requested by President Giscard d'Estaing himself. [Text] [Paris VALEURS ACTUELLES IN French 3 Nov 80 p 23]

ADDITIONAL AIRCRAFT ORDERED--The 1981 defense budget calls for the air force to order 21 additional Mirage F-1Cs, the purchase of which was not planned. These aircraft will no doubt take the place of the Mirage III "Martel" craft from Fighter Squadron 4 in Nancy so as to make up for the delay experienced by the Mirage 2000 program which is now estimated to be about a year behind. According to the same draft of the budget, the air force will also order 22 Mirage 2000s (making the number now ordered 48) and 5 Transall aircraft of the new series. This brings to 635 the number of Mirage F-1s ordered; [of this total] 246 standard production aircraft and 6 prototypes are for France. [Excerpt] [Paris LE MONITEUR DE L'AERONAUTIQUE in French Nov 80 pp 6-7]

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COUNTRY SECTION

ITALY

CIAMPI SPEECH ON BALANCE OF PAYMENTS, ITS IMPLICATIONS

Milan IL SOLE-24 ORE in Italian 21 Oct 80 p 3

[Speech by Carlo Azelio Ciampi, governor of the Bank of Italy, to the annual congress of the Italian Foreign Exchange Association, Forex Italiano: conclusion]

[Text] Ciampi: "This is why there is no point in devaluating."

Outlook for Overall Growth

In the opening part of his speech to Forex, the governor of the Bank of Italy, whose conclusions we publish on this page, forcefully called attention to the need for closer collaboration at the international level, for more support to Third-World and Fourth-World countries, and more flexible working margins for the international bodies as factors he deems indispensable to efforts toward removing the causes of social and economic tensions which have in several instances traumatically damaged long-standing relations. "It is in the mutual interests of both the advanced economies and the emerging ones to see to it that the response to the difficulties stemming from the latest rise in oil prices not be confined solely to restrictive policies." Cutback in production in the industrialized countries, should it become the sole measure taken to deal with foreign trade deficits, would eventually add steam to readjustment machinery that would be harmful to the developing countries.

It is becoming increasingly clear, Ciampi asserted, that the challenge of the closing 20 years of this century centers on the way the international community addresses a broad-based process of redistribution of resources.

From 1977 through 1979 the Italian balance of payments showed a total surplus of some 12,000 billion lire. That made it possible to restore

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some balance to the country's position vis-a-vis foreign nations: a comfortable volume of reserves had been built up, and official debts and accounts were settled promptly, and in many cases ahead of the due date.

Beginning in the latter half of 1979 the operating sections of the economic balance have deteriorated: the seasonally adjusted balance, which had been in the black at around 4,000 billion in the first six months, was just about cancelled out in the second half. In the first half of 1980 -- again with seasonally compensated, but preliminary and in some cases estimated data -- the deficit can be reckoned at 3,500 billion. The trend in cash flow should turn out to be not quite so bad in the second half, which allows us to predict a deficit for the full year on the order of 6,000 billion.

Costlier Oil

The worsening of the balance of payments affected chiefly trade in commodities. In the second half of 1979, the volume of exports rose by a scant 1 percent over the first half, on a seasonally adjusted basis, as against a rise in imports of better than 11 percent. In the first half of this year there was an actual decline in the quantity of exports, while imports continued to grow at a steady pace.

The overall assessment of the contrary trends in the flow of trade would indicate that the deterioration of the bottom line stems primarily from the more rapid economic growth experienced in Italy by comparison with the other major countries. In the second half of 1979 the annual rate of growth in domestic demand in Italy was 6 percent, some 4 points higher than that of the major OECD nations. In the first half of 1980 the gap will probably widen, reflecting the slowdown of growth in most other countries. The cyclical growth phase in our economy was exceptionally great, particularly between the second quarter of 1979 and first-quarter 1980; in this period industrial production climbed by 11 percent, equivalent to an annual rate of 15 percent, boosting the utilization of production capacity to levels never reached during the Seventies; even so, production was not adequate to satisfy domestic demand, which was expanding even faster. A decline in the value of trade earnings struck more than half the developed countries and more than a third of EEC nations. Italy's share of total exports from industrial countries, which had been rising since the start of the Seventies, has shrunk, mainly because, under the stimulus of domestic demand, manufacturers chose to sell on the home market.

These short-term developments lead us to believe that, among the factors contributing to the decline in volume of foreign trade, an erosion in the "non-price" competitive standing of Italian goods had more impact than did its loss of competitive standing due to the price differential between Italy and the other principal countries. Taken on the basis of wholesale prices of manufactured goods other than petroleum products, over the 12 months ending in August of this year, the differential works out to 11 percent, but about half of that was offset by the drop in the lira's currency exchange rate. As a result, there was a loss

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in competitive standing in price terms of about 5 percent, which makes it legitimate to believe that the margin inherited from previous years, especially if we allow for the additional fiscalization of the labor costs determined in July, is not yet exhausted.

On top of the disappointing performance in volume we had a steady worsening in the trade ratio, which stood at somewhere around 10 percent in mid-1980.

Primary contributing causes were the oil price hikes; the massive increases in 1979 have only begun to show their effects on the value of imports for the current year. In mid-1980, the total rise in crude oil import prices will probably come to about 75 percent, more than double those of the previous year. This increase alone will send the oil deficit, on an f.o.b. basis, from 8,600 billion lire in 1979 to somewhere in the neighborhood of 15,000 billion in 1980, thus accounting for more than two thirds of the 10,000 billion deficit in the overall current balance; as for the remainder, the decline is a result of the food imports and above all to exchanges of manufactured products.

The other columns are still in the black, thanks mainly to earnings from the tourist trade, which totalled 5,500 billion in 1979. In 1980 again, services and transfers should make a significant contribution, although without much overall improvement due to prices, toward making up for part of the deficit in the trade balance.

Looking abroad for comparisons, Italy's current deficit set against the gross national product, now around 2 percent, is in line with the average of industrial countries running deficits, despite Italy's heavier dependence on oil imports.

Forecasting the current balance of payments for 1981 was made difficult by a highly uncertain domestic and international situation. The interim report and plan calls for a rise in the gross internal product at current prices of around 18 percent, which assumes a slight rise in world demand and, for Italy as well, a substantial stability in trade ratios. On the basis of these indications and provided adequate policies to regulate demand are adopted, we can expect an improvement in our balance of payments beginning as early as the end of 1980. In any event, the trend in the balance of payments should be compatible with the spirit of the commitments stemming from membership in the EMS.

As for capital movements, for all of 1980, with repayment of clearing accounts cut down to negligible amounts, we can look forward to a net flow of foreign loans on the order of 3,000 to 4,000 billion lire.

Bearing in mind the other medium- and long-term components, mainly connected with direct and indirect financing for exports, the balance drops a bit, but stays in the black. In terms of size, medium- and long-term commercial and financial deficits and surpluses look fairly well in balance: at the end of 1979, the deficits came to 16,500 billion, with the surpluses amounting to 19,100 billion. A spreading out of due-dates, and hence the capital flow predicted for the next few years,

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points to a surplus of around 1,000 billion annually. The 1980 indebtedness, however, tends to cancel out Italy's long-term net surplus, and to cut deeply into the inflow expected for the immediate future.

Given this situation, and in view of the administrative restrictions to which the other components of capital flows of a purely financial nature are subject, and leaving aside the possibility of the assumption of non-covered positions on the part of non-residents, the potential threats to the balance of the exchange market must be analyzed with reference to the short-term channels provided by trade credits and cash bank financing.

Both these channels are connected with the financing of foreign trade and in recent years they have expanded to keep pace with the upsurge in imports and exports. The amount of bank financing in cash or hard currency, which give us an almost total accounting of the ups and downs in the net position of the banks toward foreign countries, topped 10,000 billion lire in 1980. Commercial debits and credits for operations with delayed settlement provisions, which just about balance each other, come to a total estimated at around 15,000 billion.

While the current deficit in 1980 was financed largely with non-indemnifying foreign indebtedness, it should be emphasized that this could happen only in response to the credit restrictions that have raised the overall cost of capital to borrowing corporations.

The decline in the real exchange rate of the lira over the 12 months ending in September of this year was 5 percent, and it came about in almost equal measure both in relation to the dollar and to the EEC currencies. The dollar exhibited some very marked swings in connection with its position on the world market, reaching the zenith of its upswing during the spring. In the months that followed we saw an uneven recovery of all currencies vis-a-vis the dollar and, within the European monetary system, the lira lost ground, though never quite reaching the "divergency threshold."

On the term market the swings were even wider: on an annual basis the dollar's edge over the lira, at 3 months, reached 21 percent in June and 35 in August. In the absence of direct intervention, the term market in Italy is still regulated administratively through the ceilings system; its relative dimension is such that the shifts in balance between marginal supply and demand tend to be reflected very strongly in the quotations, thereby markedly reducing their significance.

#### Support for the Lira

Net official reserves, which at the end of 1979 came to 30,600 billion lire, had risen to 52,400 billion by mid-October. The gold share rose from 53 to 64 percent, the ECU share remained just about unchanged at around 20 percent, while that of convertible currencies dropped from 26 to 15 percent. The absolute value of the latter, though there have been some ups and downs, has held at around 8,000 billion since the

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beginning of the year. Total official reserves represent about five times the maximum valuation of potential capital outflows in the short term, as may be found on the basis of quantitative analyses of past behavior of the traders.

When we leave out gold, this ratio drops to less than half, to a level which can nevertheless be considered adequate to deal, over the short haul, with any sudden variations in the amount of commercial credits and of bank financing in hard currencies.

Righting the Balance of Payments  
and Lowering the Inflation Rate

In the wake of the recent government crisis the official discount rate rose by a point and a half, and restrictive measures were taken in connection with the term of validity of currency accounts, financing for export credits, and on the option of early repayment of debts owed abroad and in hard currencies. Given the wide disparity of situations they affect, these measures are something new by comparison with similar steps taken in the past, and are more prudential than anything else. They are not designed so much to generate net inflows of capital as to reduce the "manipulation mass" available to traders for speculative capital exports, but without imposing any direct controls over trade in goods.

The credit rating Italy actually enjoys on the world market and the lines of official credit it can activate in the European Economic Community and in the IMF afford additional margins on top of the official reserves to deal with short-term difficulties while waiting for a more favorable situation to emerge on the currency side.

It was a sound move to assure the firmness of the exchange rate, even to use some of the elasticity margins to be found within the EMS, to get us through an unfavorable passage in our balance of trade by phasing it in with a more favorable one which the trend in the situation and the economic policy measures adopted in July indicated would not be long in coming. The Italian economy, given the international picture, was not moving into the condition in which depreciation of the currency would become necessary as an ex-post admission of irreversible macro-economic imbalances.

The Exchange Rate

The support directly offered to the lira exchange rate, during the peaks of tension in June and August, reflected the restrictive attitude in monetary policy adopted in the fall of 1979 and to the economic policy the government launched in July when it moved to tax and budget measures designed to put a brake on consumption and increase competitiveness in industry, accompanying them with a pledge to get started on structural intervention.



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The yield rates over which the Bank of Italy exercises some influence thanks to its direct presence in the securities market have risen, particularly last winter and again in more recent months. The ceiling on bank loans in lire has been lowered, influencing, with non-interest-bearing deposits coupled with surpluses, more strongly business practices than administrative restrictions: the net excesses above the established limits dropped from 3,500 billion or so in January to 500 billion by August. In all of 1980 the total flow of domestic credit will decline by about three points in relation to GIP. Lira financing activities in the economy show a similar tendency, and one of them, the monetary component, is down markedly. Nominal interest rates, even before the latest change in the official discount rate, had already risen to very high levels in response to signs of easing inflation, especially in the wholesale markets.

At the end of September, the government's tax and budget policy was challenged, thus heightening the expectations of traders, both domestic and international, who doubt that the lira exchange rate will hold. The steps taken at once had the desired effect: the market accepted them in their significance, for the timeliness with which they were adopted and for the effectiveness they derive from their twofold -- monetary and currency -- nature; this gives the country a technically unprejudiced situation.

These measures carry a price tag, which it is incumbent upon us to call to mind. The costs will come primarily in terms of future investments and jobs, and on top of these will come those impacting on the financial aspects of concerns engaged in foreign trade.

The most immediate problem to be dealt with lies in trimming the current drifts in imports and exports. It postulates both very strict controls over domestic demand which, without discouraging investments, will contain the rise of consumption and free resources for export, and a trend in unit cost of products which will improve the competitive standing of Italian goods.

The problems facing our economy, however, are not all summed up in the alternatives -- cogent though they may be, and though the solution will not be free of sacrifices -- between domestic utilization of real resources and their sale abroad; they extend to embrace better utilization of real resources, which right now is a long way from optimal, and they are, specifically, typefied by stubborn inflation that will not yield to quick ad hoc fixes and that is markedly higher than that in other countries.

We must avoid limiting ourselves to maneuvers that can, at ever-higher cost, provide us temporary relief for our balance of payments and give us the illusion that it will not be necessary, after all, to face up to and deal with the shackles that keep our economy in a condition of low development coupled with inflation that has been rising steadily since 1969. Solving these knotty problems calls for some basic plain talk

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about the size of the deficit and the options open for government spending; about the mobility and productivity of labor and the setting of wage scales; about the capacity, and the willingness, of enterprise public and private to strive for efficiency and for sounder production strategies; about the ground rules we want to govern the way the market operates; about government intervention in the economy; and about the way the financial institutions, individually and collectively, go about their business.

Plain Talk About the Basics

The underlying meaning of our joining the EMS -- a political decision reached only after a lively debate in some depth -- is to be found right here: in an awakening to the complexity and the worsening of those problems and in a commitment to face up to them with a concerted effort by the entire community. Honoring that commitment, which reflects our recognition of a vital need, would make it less arduous to reconcile our short- and medium-term goals and easier and more effective to make synergistic use of the instruments of economic policy.

Monetary and currency problems must not be used as stopgaps. They must be made perfectly consistent with the basic policy choices of the nation, one of which was joining the EMS, whose overall economic significance we tend to forget although it is far greater in its instrumental aspects than in its purely technical ones.

For 1981, quantification of the medium-term objectives of monetary policy is made difficult by uncertainty as to developments in business and industry as a whole and in its component parts, and as to the measures that will be taken to control them. Given the assumption -- contained in the forecast and planning report -- of an internal requirement on the part of the expanded public sector of 36,500 billion lire, plus some 1,000 billion in funds earmarked for financial intermediaries, the total domestic appropriation may rise at a slower rate than in 1980, and thus further reduce the ratio between its flow and the gross product.

Firm in the conviction that it is operating in consonance with decisions which recognize taming inflation and restoring order to our balance of payments as the prime conditions for achieving the goals of growth and employment, the central bank feels it is called upon to continue to concentrate its own action on stringent control of the financial institutions.

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COUNTRY SECTION

UNITED KINGDOM

JOURNALIST ON THREAT OF PROTECTIONISM TO EEC TRADE

LD121457 London THE TIMES in English 12 Nov 80 p 16

[Article by Michael Shanks: "Why Europe's Trade Must Be Kept Free"]

[Text] A new spectre is stalking the chancelleries of Europe--or rather, an old spectre brought back to life by the harsh downturn in the world economy. It is the spectre of protectionism, of a retreat into the autarkic cartelized world of the 1930s. One can hear the creak of drawbridges being raised of "beggar-my-neighbour" policies being taken out and dusted. It must now be an open question whether the world can survive the present recession without having taken a major step backwards in this direction--a step which would delay the recovery and in the long run impoverish us all.

The sectional pressures for protection now being applied to governments in all the main Western countries--not least the United Kingdom--have become very considerable. So far Mrs Thatcher's administration has shown commendable firmness in resisting them. But the pressure is growing and as unemployment continues to rise it will become steadily harder to resist, unless those who believe in free trade and competition can marshal their arguments with more skill and persuasiveness than has been necessary hitherto.

The issue of free trade versus protection has a special complexity in Europe, because of the existence of the European community. The EEC now takes 42 per cent of all Britain's exports, and has become far and away our biggest trading partner. To those, particularly on the left, whose vision of the future is a socialist autarkic fortress Britain, with solution if very clear. Withdrawal from the EEC is the essential first step, to be followed swiftly by the erection of barriers against imports from the continent.

Such a policy, though it would be lethal for Britain as a major industrial power, has at least the merit of being logical. So long as we remain a member of the EEC, commercial policy has to be dealt with at the European level. Individual member-states can negotiate their own agreements on individual industries with third countries--as the United Kingdom, France and Italy have done with Japanese cars, for example--but beyond a certain point trade negotiations are far more effectively handled by the nine EEC countries working in concert.

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For one EEC member to introduce restrictions on imports from another is a clear violation of the Treaty of Rome, and be certain to lead to retaliation; provided, of course, the trade is fair. In fact, there [are] still many imperfections in the European market. Much of public sector purchasing in all the member-states is still covertly protectionist. National standards and national regulations on health and safety are still frequently used as weapons to protect national industries from EEC competition.

There is a widespread belief in the United Kingdom that in this area we are more sinned against than sinning: that on balance we obey the rules more punctiliously than some of our EEC partners. Such allegations are hard to prove or disprove. But no European country is altogether blameless in this regard. (The United Kingdom milk market is effectively protected by health regulations against imports from France or the Netherlands, for example.)

The important question is where the balance of national interest lies. The Confederation of British Industry has taken a consistent view that within the EEC our interest is to make the community more effective by whittling away the remaining non-tariff barriers to trade, particularly in public sector purchasing and in the use of standards, health and safety regulations. Their belief is that British industry would on balance gain from a freer European market.

It is also relevant that for many industries the integration of operations across national frontiers has now become so great that any restriction of trade within the European market would prove enormously costly and disruptive.

So, unless there is a total breakdown in the EEC, that part of British trade which takes place within the European community must for practical purposes be regarded as immune from protectionist measures, except as part of a planned rationalization programme directed from Brussels--as is now happening in steel, for example.

As regards trade with third countries, while there is some scope for national measures (especially if they are of the "gentlemen's agreement" type, such as those with the Japanese car manufacturers), for the great bulk of trade the relevant decision-making and negotiating body is the EEC itself. The common external tariff is one of the major buttresses of the community. As the world's biggest importer and trading bloc, the community has far more leverage in commercial negotiations than any of its individual members--as has been demonstrated in the various trade talks under the auspices of GATT [General Agreement on Tariffs and Trade] of recent years.

However, the clout which the EEC can wield is somewhat offset by the slowness of its decision-making. This is hardly surprising. The pain of import penetration is seldom felt with equal urgency by all EEC member-states at the same time. Those countries not immediately affected naturally take time to be convinced that the issue is a real one.

The Germans, in particular, have a marked reluctance to dilute free trade except under dire necessity--as commissioner Davignon has found in seeking to establish his "crisis cartel" in steel. It is interesting that whereas

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in the nineteenth century it was Britain which maintained the ideology of free trade while German industry developed within a comprehensive framework of protection, the roles have now been largely reversed.

If the community is to defend the interests of its members and at the same time resist the pressures for sectional protectionism, it needs to streamline its procedures for reviewing and acting on complaints of dumping and other unfair trade practices by third countries. Second, and more importantly, it needs to establish a comprehensive and practical "fair trade" policy.

What does this involve? It means, first, resolving the present apparent contradictions between the anti-trust policy managed by the competition directorate-general under articles 85 and 86 of the Rome treaty, and the interventionist industrial policy pursued by commissioner Davignon. There is no point in protecting a sick industry from import competition unless active steps are taken at the same time to improve the industry's competitiveness. This will almost certainly involve measures of rationalization and restructuring.

Such measures, unless explicitly sanctioned by the Council of Ministers, fall foul of the competition provisions of the Rome treaty. It is time that the community--maybe through the European parliament--reviewed the present operations of the EEC's anti-trust policy, and came up with proposals which might remove the present apparent conflict of policies, and provide guidelines for derogations from the strict competitive regime enjoined by the treaty.

Where derogations are applied--and this is the second area where a new community policy is required--there must be effective provisions for reviewing and monitoring the progress of rationalization and re-structuring of the industrial sector concerned. The review body must include representatives of the consumer interest, since the customer is being asked to sacrifice freedom of choice in the hope of long-term reward when the protected industry has been restored to health.

In particular, we must avoid temporary protection becoming a permanent crutch. The multi-fibre arrangement, under which developed countries restrict imports of low-cost textiles and clothing from developing countries through quantitative restrictions, is an example of what can happen if we are not careful. The original MFA was introduced as a temporary measure to allow time for the industries in the developed countries to adjust to competition, and allowed imports from low-cost countries to grow by 6 per cent. It was renewed for a further four years in December, 1977, in a tougher form, but with the promise that it would not be renewed after 1981.

That promise is about to be broken. There will almost certainly be a third MFA in 1981, and the industry lobby is demanding a 10-year agreement. From the consumer's point of view, this is simply not good enough. The principle of "no taxation without representation," which sparked off the revolt of the American colonies in 1776, applies to consumers in the 1980s, where taxation

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takes the form of being denied access to the best bargains. Consumer sovereignty may be relinquished temporarily in a good cause; but not permanently or unconditionally. It is time this was made clear.

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COUNTRY SECTION

UNITED KINGDOM

POLL OF MP'S ON ATTITUDES TO GOVERNMENT, INDUSTRY, ECONOMY

LD281551 London NEW STATESMAN in English 24 Oct 80 p 5

[Report by Peter Kellner: "Thatcherism: What MPs Really Think"]

[Excerpt] Between 16 May and 30 July, MARKET & OPINION RESEARCH INTERNATIONAL interviewed a representative sample of 100 MPs on their attitudes to the government, industry and the economy.

As the tables below show, most issues divide clearly into 'consensus' and 'conflict' topics: and the area of consensus is surprisingly wide. All but one of the 52 conservative MPs interviewed think Britain should produce more nuclear power--and so do a clear majority of the 48 opposition MPs that MORI questioned (45 were labour MPs, 2 were Liberals and 1 was a Scottish nationalist). On both sides of the Commons there is clear agreement that we should have fewer but bigger trade unions, and that British managers are not as effective as their competitors abroad. And if the government were to be more generous in supporting microelectronic ventures and giving tax incentives to profit-sharing schemes, it could count on the sympathy--if not always the whipped votes--of opposition MPs.

When it comes to the issues on which government and opposition MPs conflict three themes emerge. The first is the least surprising; the knee-jerk responses of many (but by no means all) MPs to the government's strategy. Thus 90 per cent of Tory MPs think its economic policies will work in the longterm; the other ten per cent didn't know. Among opposition MPs 96 per cent said the strategy would fail. Two per cent--that is one solitary MP--thought it would work in the long run. MORI confirms that he (or she) is a Labour MP, and not one from the minor parties. I would give my left arm to know who it is (Denis Healey?, David Owen?, Michael Foot mishearing the question?), but MORI is not telling.

The second theme concerns the soft underbelly of Tory Wets. Among the consensus issues, we have seen that most Tory MPs would back extra aid for microelectronics. Among conflict issues, we still find one in three Tory MPs wanting the government to reverse its policies, towards depressed areas, and give more grants, not fewer. Twenty-five per cent of Tories do not think the government should do any more to curb the power of trade unions. And one in eight express support for strong interventionist measures, such as wage controls, import controls, and aid for lame duck industries.

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On the basis of MORI's sample, it would seem as if the Tories' ranks in the Commons contain 40 to 50 'hard wets' (intervene in the economy to help industry" and a further 60 to 70 'soft wets' (don't be too beastly to the unions).

There are also some odd minorities on the opposition benches. Eleven of the 45 Labour MP's questioned agreed that control of the money supply should be the main tool of economic policy—a figure which implies that 60 to 70 Labour MPs are closet monetarists. Clear majorities of Labour MPs favour withdrawal from the Common Market and the introduction of import controls—although most of these added the rider that they should be selective.

More surprisingly, perhaps, a two-to-one majority of Labour MP's told MORI that they favored wage controls (in most cases approved in the context of a wider prices and incomes policy) —a similar figure to the number who thought that big industries should be controlled by the government. Taken overall, the weight of Labour MPs' opinions on economic issues bears a marked similarity to the policies put forward by Peter Shore.

Overall, the House of Commons appears to be more representative of public opinion on economic and industrial issues than often realised. For example, 48 per cent of MORI's sample of MPs expected the government's policies to succeed in the long term—compared with 47 percent of a national sample of public opinion measured at the same time. And the 30 per cent of MPLS who want large industries controlled by the government is not too different from the 25 per cent of the public who want the same thing.

[SOT]

## A Measure of Consensus

(Figures show percentage agreeing)

	<u>Government</u>	<u>Opposition</u>
Government and the economy the government should...expand Britain's nuclear power operating capacity	98	60
Give further tax incentives to encourage company profit-sharing schemes	87	67
Devote more resources to developing new forms of non-nuclear energy	81	92
Encourage scrutiny of bills by outside expert witnesses called in by MPs committees	77	81
Give more power to MPs to examine public expenditure estimates	63	82



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	<u>Government</u>	<u>Opposition</u>
Give financial assistance to companies adjusting to the microelectronics revolution	59	98
Industry and commerce company profits in Britain are not high enough	94	60
Smaller business offers the best prospects for reducing unemployment in Britain	94	63
Large companies are essential for the nation's growth and expansion	90	75
It would be better for Britain's industrial relations if there were fewer, but larger trade unions	83	88
British managers are not as effective as their main overseas	67	77

Areas of Conflict

(Figures show percentage agreeing)	<u>Government</u>	<u>Opposition</u>
<u>Government and the Economy</u>		
The government should...refrain from intervening in major industrial disputes	98	17
Control the rate of growth of money supply as the main tool of economic policy	90	25
Do more to curb the power of trade unions	71	13
Reduce the rate of corporation tax	65	23
Reduce the top rate of income tax	63	13
Provide more grants to industry in special development areas	31	94
Introduce a tax on companies that make high windfall profits	19	94
Introduce import controls	13	69

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	<u>Government</u>	<u>Opposition</u>
Give more financial support to ailing sectors of the economy	12	88
Introduce wage controls	12	65
Introduce price controls	8	85
Take Britain out of the EEC	6	54
<u>Industry and Commerce</u>		
There is too much legislation governing the activities of industry these days	94	23
Nationalised industries are less efficient than private companies	92	13
In the long term, this government's policies will improve the state of Britain's economy	90	2
Britain is not getting enough of the benefits of North Sea oil	10	79
It is in the country's interests that the big industries should be controlled by the government	0	63

[EOT]

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